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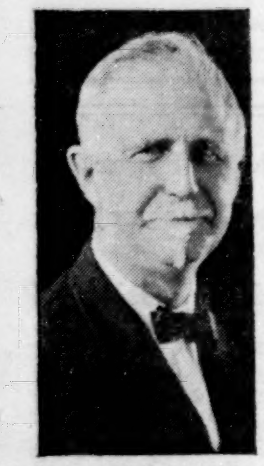
When Will The War End?

Roger W. Babson Says Not Until After Election Of November, 1944



Roger W. Babson

First let us remember that the United States is the only functioning constitutional democracy engaged in the war. Neither China nor Russia are democracies. Certainly none of the Axis countries are democracies. England has no written constitution, although this fact is not necessary for my thesis this week. Certainly England and her Empire group are run on entirely different principles than is the United States.

All the above means that whether we like it or not World War II is gradually bound to get into politics. Furthermore, the longer the war lasts the more it will become involved in politics. This is especially true as fear of American invasion or bombing disappears and there is a

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Connecticut Corporates-Municipals

Special material and items of interest with reference to dealer activities in the above State appears on page 1862.

The War And American Foreign Investments

Attributes Disrepute Of Foreign Securities To "Propaganda," Not Deterioration Of Investment Status Offers Suggestions To Facilitate New Borrowings Here In Post-War Period

By DR. MAX WINKLER

Exclusive of obligations outstanding on behalf of Axis nations and their satellites, foreign bonds dealt in on American markets have, since the outbreak of the present conflict registered an aggregate enhancement in price, on the basis of recent quotations of more than $269 million. Details are presented in the table shown at the end of the article.

Dr. Max Winkler

Bonds issued on behalf of Czarist Russia and held by American investors (sic), individuals, as well as institutions, have registered the record appreciation of 2,780% during the period under review despite provisions of a Soviet decree according to which "all foreign loans, without exception, are absolutely repudiated." From a quotation of only 5/16th, that is, 3.12½ per bond of $1,000 in August, 1939, Russian dollar bonds have risen to a recently recorded price of 9, or $90 per bond. It may well be doubted whether there has been a corresponding enhancement in value. There has been no intimation from Moscow or elsewhere that the decree invalidating Russia's public debts has been or is about to be revoked or modified. To be sure, there are various references to Russia's obligations in "Mission to Moscow," the diary of Joseph E. Davies, America's former Ambassador to the Kremlin, and to the desirability of reaching an agreement regarding them. It is also possible that Mr. Davies' second Mission to Moscow has given rise to renewed speculative activities in repudiated Russian loans. Even though there is not the slightest connection between Russia's regard for contractual commitments entered into prior to 1917 and the bravery and heroism of the Red Army in its struggle against Hitlerite Germany, the trading and speculative fraternity may have felt the need of expressing their satisfaction with the courage of the Russian soldiers by buying Russian bonds irrespective of their inherent worth.

Bonds of European neutrals outstanding in the American markets have shown relatively little change. The decline, aggregating about $3,500,000, is of no special significance. However, the status of Finnish loans may change substantially if the United States were to break off relations with the Republic, which is now allied with Germany against Russia and

(Continued on page 1868)

Some Questionable Inferences Drawn From Estimates Of National Income

By WALTER E. SPAHR
Professor of Economics, New York University

The estimates of national income, such as those for 1942, supplied by the Department of Commerce, are being used these days to support contentions regarding "inflation" and a Federal tax program that should be subjected to more careful scrutiny than they are receiving.

Dr. Walter E. Spahr

For example, the Department of Commerce's report says that national income for 1942 was $119,800,000,000, that it is expected to reach $140,000,000,000 in 1943, that total Government expenditures—State, local, and Federal—may exceed $100,000,000,000 in 1943, that consumer expenditures should decline to $77,000,000,000 in 1943 from the almost $82,000,000,000 of 1942, that if consumers' expenditures for available supplies are limited to about $77,000,000,000, savings will soar to above $40,000,000,000, and that "a severe intensification of the inflation" is predicted.

Out of these figures comes an estimate of what is popularly called "the inflation gap" which many people insist should be taxed away if "inflation" (whatever that may mean) is to be prevented.

It is doubtful whether many people are aware of the nature of the concepts which are implied in these national income figures, or of the great practical limitations to the usefulness of these concepts, or of the great gaps in the data available to those who compile such estimates.

To take only one example: The apparently simple concept of saving is in fact difficult to define in any uniformly practical way. The question of saving always involves the element of time. But how much? It can involve months, weeks, days, or hours, and in the last analysis reduces itself to the degree of slowness in the velocity of money. Any individual would be hard put to it to calculate his savings at any time. Is money spent for a home a saving (to the extent that borrowed funds are not used), or is it spent for consumption? Is non-borrowed money spent for a car, which is used for pleasure on Sunday and for business on other days, a sav-

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Over-the-Counter Sales as Principal

By ABRAHAM M. METZ and EDWARD A. KOLE

During various phases of our activities, one group or another has from time to time become a group favored by law. Thus, landlords, real estate mortgagees, and management, have had their beneficial periods. Then along came new legislation and new administrative bodies, the emergency rent laws, The Wagner Act, the moratorium on foreclosures, and the Securities and Exchange Act, amongst others. The pendulum was swinging the other way.

Abraham M. Metz

Edward A. Kole

No doubt, there are well defined reasons for this trend, reasons which the writers do not intend to go into. It is enough to say that lack of vigilance on the part of those who in the end, were vitally affected, is one of the prime reasons.

Now is the time that security dealers must be particularly alert lest many of them who have already been regulated to the breaking point, find themselves in the position where it will be impossible to continue doing business.

Under the manifesto of an "existing emergency," the

(Continued on page 1873)

Inflation Would Leave Health Best Asset Of All

By EDWIN J. SCHLESINGER

The subject of inflation is rightfully receiving a great deal of attention now, particularly in respect to the type of investments to make which will supposedly carry one through the inflationary period without paying too great a penalty.

In discussing inflation one hears considerable about "limited inflation." Perhaps of all the perils in connection with inflation the most insidious is that of being lulled into a sense of false security by banking on "limited inflation." When inflation once takes hold, there is no telling how far it will go, and it would seem that what happened in Germany in 1923 is something worth keeping in mind.

Perhaps one of the best ways to portray the ravages of the German inflation is through the vivid picture given by viewing the postal rates for sending a letter. The increase in the cost of postage in Germany from the beginning of 1922 to the end of November, 1923, can be seen from the following figures:

	Marks
January 1, 1922	2
December 15, 1922	25
March 1, 1923	100
August 1, 1923	1,000
September 1, 1923	75,000
October 1, 1923	2,000,000
November 1, 1923	100,000,000
November 26, 1923	40,000,000,000

While nothing on the order of the German inflation need necessarily be contemplated as likely to take place in the United States at this time, it is important to know what has happened elsewhere when inflation reached the nth degree.

In the United States we ran into inflation during 1919 and the early months of 1920, at which time a dozen eggs reached the price of $1.20 and sugar sold as high as 33 cents a pound. The general price level, before the explosion in the spring of 1920, was approximately 235 on a basis of 100 for 1913. That, of course, could not commence to hold a candle to what happened later in Germany. In fact, until the collapse occurred in 1920 we spoke of the period as a business boom and not as inflation.

Inflation, even though terribly dangerous, seems to be a welcome visitor to those who eagerly look forward to higher stock and com-

(Continued on page 1865)

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G. L. Worthington To Be R. Samuel Partner

George L. Worthington will shortly become a partner in Ralph E. Samuel & Co., 115 Broadway, New York City, members of the New York Stock Exchange and will act as alternate on the floor of the Exchange for Harold Eliasberg. In the past, Mr. Worthington was a member of the Exchange and active as an individual floor broker.

M. J. Slepack Co. Will Be Formed

Moses J. Slepack will acquire the New York Stock Exchange membership of Earl W. Hance as of May 27th and will form the Exchange firm of M. J. Slepack & Co., with offices at 120 Broadway, New York City, in partnership with Edward J. Davis, also an Exchange member. Mr. Slepack and Mr. Davis were formerly partners in Slepack & Co. Mr. Davis has recently been active as an individual floor broker.

Clark, Dodge & Co. To Admit Bradshaw

Sydney P. Bradshaw, member of the New York Stock Exchange, will become a partner in Clark, Dodge & Co., 61 Wall Street, New York City, Exchange member firm, as of today. Mr. Bradshaw for many years has been active as an individual floor broker.

Correction

In the "Financial Chronicle" of May 6, it was reported that Wells-Dickey, Incorporated, had been formed in Minneapolis and that Stuart Wells, Jr. and Edward P. Wells, previously with the Dayton Company and the Northwestern National Bank respectively, would be officers.

We have been informed that this is in error as the corporation is at the present time entirely inactive and Stuart Wells, Jr. and Edward P. Wells are remaining actively connected with the Dayton Company and the Northwestern National Bank.

Robt. D. White Dies

Robert Davis White, partner in R. D. White & Company, New York investment firm, died at the age of seventy-two. Mr. White had been in Wall Street for forty-two years, forming his own firm in 1937.

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New Members Elected By NY Dealers Ass'n

At a meeting of the Board of Governors of the New York Security Dealers Association Howard S. Hoit, Hoit, Rose & Troster, 74 Trinity Place, New York, N. Y.; Samuel H. Junger, S. H. Junger Co., 40 Exchange Place, New York, N. Y.; and L. D. Sherman, L. D. Sherman & Co., 30 Pine Street, New York, N. Y., were elected to membership in the Association.

Also James Currie, Jr., a Governor, was elected as representative of his new firm of Troster, Currie & Summers of 74 Trinity Place, and the membership of Luckhurst & Co., Inc., was transferred to Luckhurst & Co., a copartnership, with Herbert Singer continuing as representative.

Gordon March Forms Own Investment Firm

(Special to The Financial Chronicle)

BOSTON, MASS.—Gordon B. March has formed Gordon B. March & Company, with offices at 111 Devonshire Street, to engage in a general securities business. Mr. March was formerly a partner in March & Kimball which was established in 1922.

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OUR REPORTER'S REPORT

The railroad bond market is rapidly coming to be recognized as a barometer of how the trading fraternity views the outlook for the duration of the war, judging by discussion around investment houses.

The rail lien market, particularly that for secondary and lesser grades, admittedly has been reflecting the stimulus afforded by the tremendous burden of business thrust on the carriers by the movement or war materials, transportation of troops, etc.

Now, however, the situation has reached the point where traders find themselves more or less compelled to take into consideration the matter of whether hostilities are destined to be prolonged, or whether the war may come to a sudden end.

For it is fully realized among those who are speculating in the rails, that the near-term prospects for the carriers are linked closely with the war and its duration.

If the war is to be prolonged for several years, it is argued, chances favor sustained traffic volume, consequent high earnings, and persistent strengthening of financial position.

A sudden collapse of the Axis, however, would naturally reflect in a considerable letdown in traffic and revenues, though it is contended that the period of postwar reconstruction assures the railroads of substantial traffic volume for at least several years after the return of peace.

Back in the Doldrums

The corporate new issue market dropped back pretty much into the doldrums this week after the momentary bulge of activity in the preceding period. Only one sizeable offering, $3,000,000 of Flintkote Co. fifteen-year 3 per cent debentures was offered publicly.

There was in addition an issue of $3,500,000 of Baltimore & Ohio Railroad equipment trust certificates maturing serially in from one to ten years.

But things were comparatively

(Continued on page 1859)

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Are We Giving Away Our Gold?

By W. W. PHILLIPS

Almost unnoticed we have, in the 18 weeks ended April 21, lost $262,000,000 gold, or at an annual rate of nearly $760,000,000.

Another point that may be a distinct surprise to some of our "liberals" who are agonizing over our disinclination to do more for our neighbors and for our comrades in arms, is that foreign countries have now, today, approximately $3,000,000,000 under "ear-mark" in this country. This can be stated on the highest authority, though the source of the information cannot be revealed.

The truth is the money situation in this country is of far greater importance to the future of world developments than is generally supposed. While it is true that we now—April 21—have $22,482,000,000 monetary gold in this country, our surplus gold is not only NOT burdensome but as the world war progresses toward world ruin this sky-kissing pile of yellow metal is going to become more interesting and far more important in shaping the future of civilization. Well do some of the foreign money experts know it. For that reason they have hatched plans to spread the idea among our gullible citizens that "Well, under certain conditions we might be induced to accept some of your 'saint-seducing' gold, but only as a favor to our rather, may we say, obtuse? American friends. They mean so well and understand so little. And then, besides, gold has lost much of its old-time magic; or could we say that possession of a glut of gold may cause innumerable economic diseases on the American side of the Atlantic? Yes, yes; in the hands of Europeans, gold is a blessing; in the hands of Americans a curse."

And this campaign has met with singular success among our policy-making New Dealers. They feel that possibly we may be facing economic collapse unless we take a broad, forward-looking view of the gold problem and "redistribute it." Which, of course, means that the gold that we have because we were willing to exchange more goods for it than any other country should be returned gratis. How very original! How capacious minded! It now turns out that after years of toil, sweat and planning to get this gold the cleverest thing that we can do is to return it to those perspicacious, sapient foreigners, who will then be able to sent it to us again in return for the fruits of our toil!

This view is not entirely new. As far back as May, 1921, A. C. Miller, then a member of the board of governors (as they were then called) of the Federal Reserve System prepared an elaborate and erudite study of our gold problem. He sagely concluded that we had far more gold than we should have and the surplus should be treated as "warehouse gold to be returned to Europe when it was needed to rehabilitate that war-torn continent." But Dr. Miller did not offer any suggestions as to how we should

(Continued on page 1869)

This Thing Might Last 5 To 10 Years

Sees Long-Term Trend of Stock Market Upward

After more than a year of rather steadily rising stock prices there are those who believe that some kind of an intermediate correction is overdue. They recognize, however, that the important thing on which to concentrate is the longer-term trend. And currently there are several good reasons for believing that longer-term trend is probably upward:

1. Rising Government debt, circulating money, and bank deposits mark a strongly inflationary situation.

2. Month after month post-war needs in the form of autos, tires, refrigerators and countless other things are piling up—and at the same time the purchasing power with which to buy them is also accumulating.

3. The political trend seems to have changed to a direction more favorable to private enterprise.

4. Military victory for United Nations forces lies ahead; after victory, a twice-taught statesmanship should be able to lay the groundwork for at least 21 years of peace—a minimum duplicate of 1918-1939.

5. There is at least the remote possibility that the next peace will witness expansion, rather than contraction, of international trade.

6. A number of new or young industries—plastics, airlines, the helicopter, synthetic rubber, television, other electronics, light

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H. V. Blickensderfer Opens In Los Angeles

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Harold V. Blickensderfer is engaging in a general securities business from offices at 523 West Sixth Street. Mr. Blickensderfer was formerly with Van Denburgh & Bruce, Davies & Co. and Sutro & Co.

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Thos. Fahey Dept. Mgr. For Baker & Company

Thomas J. Fahey has become associated with Baker & Company, 40 Wall Street, New York City, in charge of the municipal department. Mr. Fahey was formerly with Churchill, Sims & Co., Inc. and prior thereto was manager of the municipal bond department of Herbert M. May & Co.

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The Steel Stocks In World War II

The steel stocks as a group have been laggards during the bull market of World War II. While many industrial stocks have risen 50% to 100% from their lows in 1942, the steel stocks advanced about 25%. No doubt a major contributing cause is the investors' apparent attitude of uncertainty regarding the post-war outlook for the industry.

Some see the possibility of post-war over-capacity as a factor, but after the last war capacity was increased to 63.3 million tons in 1919 and 65.4 in 1921, against a pre-war figure of about 35 million. The industry prospered. Competition from aluminum, magnesium, plywood and plastics is another potential post-war development, but none of these matches steel in low cost, strength, durability or abundant supply. Furthermore, the production capacity for aluminum and magnesium, present and projected, is but an insignificant percentage of steel consumption.

Conservatism may well have been carried to an extreme. The steel stocks have a habit of being "behind the market" in the initial stages of a major advance. Later, however, they have an equally well established habit of making up the lost ground.

Steel will have to make a major contribution to the rebuilding of the world after the war. A huge deferred demand is now accumulating in the automobile, rail equipment, construction and other fields. As far as "new" materials are concerned, the steel industry itself is rapidly expanding its manufacturing facilities of those alloys best known to the layman as "stainless steel." In addition to toughness, hardness and resistence to corrosion and "fatigue," these have a high ratio of strength to weight—making them adaptable to a vast variety of uses.

The record gives little support to those who class the steels merely as "war babies." In this connection it is interesting to compare the net earnings of peace-time 1937, and the highs of that year with the net of 1942 and present quotations. Net in 1937 was $196.7 millions for 27 steel and iron companies as reported by Standard & Poor's; in 1942 these companies showed a net of $215 millions.—*From "The New York Letter" issued by Hugh W. Long & Co.*

William T. Burney Now Is With Sutro & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — William Travis Burney has become associated with Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges and other leading exchanges. Mr. Burney for many years was in business for himself in San Francisco under the name of Burney & Co.

George Cavis Joins Clark Dodge, Boston

(Special to The Financial Chronicle)

BOSTON, MASS. — George C. Cavis has become associated with Clark, Dodge & Co., 70 Federal Street. Mr. Cavis in the past was Manager of the statistical department of the Boston office of Smith, Barney & Co. Recently he was a director of Industrial Associates of Massachusetts.

Paul Muth Associated With Blyth & Co. Inc.

(Special to The Financial Chronicle)

SAN JOSE, CALIF.—Paul L. Muth has become associated with Blyth & Co., Inc., Russ Building, San Francisco, Calif. Mr. Muth was formerly an officer of Bankamerica Company, in charge of their local office. Prior thereto he was San Jose Manager for Gersten & Co. and Murray A. Schutz & Co.

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Tomorrow's Markets Walter Whyte Says——

By WALTER WHYTE

A temporary oversold short position indicates further extension of rally. Believe risks involved in catching such rally too large to consider.

* * *

With the warm weather—well, anyway, the last two days were warm—the market acts like it, too, is overcome by the heat. Volume has gradually dwindled to a point where some brokers are beginning to mutter about something called "conditions."

* * *

The rank and file are still bullish; a couple of days of dullness isn't scaring them out. But if the public is bullish, its customary optimism is now being tempered by caution. Others a little bolder have thrown caution to the winds, gotten out of their long positions and are, perhaps for the first time in their lives, actually short of stocks. Meanwhile the news continues to be conspicuous by its absence.

* * *

The North African campaign is over. We are now driving the Japs out of Attu and last but hardly least our block busters are making hash out of Central Germany. But while all these events make cheerful reading only the very naive will consider them as bullish market ammunition. As a matter of fact only the first landing in North Africa found a reflection in the price movement. Subsequent events in that theatre or in the South Pacific found the market strangely lackadaisical. The answer, or a partial answer,

(Continued on page 1873)

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AMERICAN MADE MARKETS IN CANADIAN SECURITIES

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Strauss Bros. Marks Tenth Anniversary

May 15 marked the tenth anniversary of the formation of the firm of Strauss Bros., 32 Broadway, New York City, which was founded on a principle that has proved itself by practical application. In May, 1933, Abraham and Robert Strauss, who gained their financial training with the firm of Logan & Bryan, saw the need of a specialized merchandising service for dealers in unlisted securities. They established their business to furnish primary markets for dealers, together with statistical data and pertinent information on unlisted securities.

Abraham Strauss

Robert Strauss

The idea was an immediate success and the firm established dealer contacts throughout the country as the service was expanded. In 1938 the firm inaugurated the Strauss Bulletin, "Geared to the News," which is circulated among unlisted dealers, together with "Dealer Chats," edited by Frank Ginberg, who became head of the firm's statistical department in 1936.

For nine years the firm maintained its service to dealers throughout the country from its office in New York. Early last year they opened a branch office in Chicago in the Board of Trade Building, to expand further the service to dealers in the Middle West. This office is now under the supervision of Robert Strauss, Resident Partner. In addition to a direct wire to its Chicago office the firm has through wires to correspondents in other cities.

West Va.-Pittsburgh Coal Situation Interesting

The current situation in West Virginia-Pittsburgh Coal Co. First Mortgage Income 6s of 1947 offers attractive possibilities according to D. F. Bernheimer & Co., Inc., 42 Broadway, New York City, from whom interesting descriptive material on this issue may be had upon request.

New York Curb Belittles Rule By Theorists

In the May 8 issue of "Know Your Exchange," issued weekly by the Public Relations Department of the New York Curb Exchange, reference is made to the steadily improving volume of sales and the observation made that—

"While such a notable increase has many effects on many people and things, it is significant of a well-managed, well-organized industry that the market is orderly; that it has controlling forces within the Exchanges' managements capable of keeping it that way despite the thoughts of those who feel that outside regulation applied by theorists can be more helpful than self-administered rules by men experienced in the securities business."

Geo. Griffin Rejoins McAlister, Smith Co.

GREENVILLE, S. C.—McAlister, Smith and Pate, Southern investment securities dealers, with headquarters in the Woodside Building, have re-opened their branch office in the City of Raleigh, N. C., in the Insurance Building, with George I. Griffin, as local manager, according to an announcement made by Herman B. McManaway, President of the firm.

Mr. Griffin, who returns to McAlister, Smith & Pate as Vice-President, from the Raleigh office of Barrett Herrick Company of New York, has had a wide experience in the stock and bond business.

John Cusack Promoted By Amott, Baker Co.

John T. Cusack has been promoted to the management of the trading department of Amott, Baker & Co., Incorporated, 150 Broadway, New York.

Mr. Cusack has been with the firm since 1934, and his host of friends throughout the Street will be delighted to hear of his promotion.

Cornelius Kip Richardson has become associated with the firm, it is announced.

Western Pacific Issues Look Attractive

Securities of the Western Pacific Railroad, both old and new, offer interesting possibilities, according to a memorandum just issued by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this memorandum may be had upon request from Pflugfelder, Bampton & Rust.

Railroad Securities

The rail market has developed decidedly divergent trends in the past week or so. For the most part the defaulted section has been notably on the soft side and the speculative stocks have followed much the same course. On the other hand, "and interest" obligations of the marginal carriers have been consistently steady, and in some instances actually buoyant. It has been years since the second-grade bond section has been able to give a better performance than the defaulted section, even in short or intermediate term swings. In fact, the general pattern of the market for a long time back has highlighted the ability of reorganization securities to push forward substantially in the face of declining trends throughout the rest of the list.

The recent rail market has apparently been influenced largely by war developments. The final liquidation of the African affair again brought up thoughts of an early end to the war—it will be remembered that a similar mild peace psychology was in evidence when our troops first landed. This optimism was given additional impetus by the widely publicized reports of growing unrest throughout the European continent, and of riots even in Germany itself. Informed military quarters are inclined to take a more sober view of the entire war picture and it does seem premature to be thinking in terms of an early peace when the Continent has not even been invaded at this writing.

It seems probably that the peace psychology will run its course in a short time and that rail securities will again be dominated by factors within the industry itself. In that respect the outlook continues highly favorable, with virtual assurance of a high level of earnings even though the suspension of the freight rate increases has now become effective. Imminence of a decision on the wage question may have a temporary moderating influence on bullishness, but if the administration is at all serious in its "hold the line" drive there should certainly be no threat to the railroads in wages.

The independent firmness of the second-grade "and interest" list may be traced to the gradual and belated recognition by investors of the full implications of the high earnings and tremendous cash receipts of the marginal roads, factors which students of rail securities have been emphasizing for a long time. It is no longer possible to ignore the painless reorganizations through which many of these roads have been going and the fact that a large proportion of the group will emerge into the post-war era as eminently sound railroad credits. Coincident with the good market tone, the air has been thick with rumors, many of them sufficiently plausible to attract a following. It is difficult to decide whether the market action has inspired the rumors or the rumors have inspired the higher price levels.

Typical of the rumors have been those affecting Nickel Plate and Southern Pacific, both of which received wide circulation last week. In the case of Nickel Plate there has been talk of the possibility of a large RFC loan, the proceeds to be utilized to retire the entire debt (excluding equipments) now outstanding. Such a loan would then be secured by first lien on the entire property, and would be a sound bond with fixed charges reduced in the operation to around $4,600,000. The rumor also covers an exchange offer of Chesapeake & Ohio common for the Nickel Plate preferred with its heavy dividend accumulations. In the case of Southern Pacific the rumor contemplates that the present substantial cash balance and a refunding operation be utilized to take care of all maturities through 1949.

These pages have consistently advocated a constructive attitude towards both Southern Pacific and Nickel Plate, and it is still considered that these are two of the marginal roads most likely to maintain a high credit standing after the war. Nevertheless, it seems that neither of the recent rumors should be given too much weight, and certainly purchases based on the possibility that these rumored plans will be carried through cannot be justified. Rather, an attitude of caution is indicated.

We recommend dealers' consideration, at this time, of all issues of

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Connecticut Brevities

There is a lack of activity at the moment in Connecticut municipal issues, and, while it appears that a secondary market is developing in respect to those bonds issued in recent months, there are fewer such secondary offerings now than there have been for some time. Price trends still continue upward.

During recent weeks, the **City of Waterbury** sold $135,000 bonds, due May 1, 1957, with a **1.30% Coupon.** This issue was sold at a price slightly above par.

An issue of $200,000 **City of Meriden** 1s due from 1944 to 1953 has also been sold recently. These bonds appeared on about a **.87% basis**, on the average, a price level probably higher than any yet recorded for Connecticut.

During the past few weeks, the market for Connecticut industrial stocks has shown a subtle change. A certain amount of publicity has been given, of late, to reports and opinions that machine tool orders have been falling off, that the United States is now completely tooled up for war production, and that from now on the manufacturers of this country will devote their energies to the production of war materials, using the equipment already on hand, and calculated to be sufficient to meet all possible requirements.

As might be expected, the result of such reasoning has been a slight decrease in market prices of the stocks of such companies as are understood to be principally engaged in the machine tool business, while the stocks of those companies which may be engaged in the production of war material—even though such material may be quite different from the usual product of such companies—has strengthened somewhat.

It might also be noted that the stocks of those companies whose products might meet a large peacetime demand at the cessation of hostilities have received more attention from local investors in recent weeks, with some emphasis on the issues of such companies as American Hardware, Landers Frary & Clark, Stanley Works, and Torrington Company.

* * *

The City of New Britain, one of Connecticut's important manufacturing centers, has recently engaged in a highly successful campaign to recruit women for war work in local factories. Because the city's housing and transportation facilities were taxed to the utmost, it was evident that it would be practically impossible to bring more workers into the area. It was therefore decided to conduct an advertising campaign to persuade some of the women residents to accept factory jobs.

A series of advertisements appeared in the local press, followed up by a door-to-door campaign by a sales force composed of women factory workers.

The advertising program was designed to break down the resistance to factory work on the part of women not accustomed to such occupation. Descriptive circulars were printed and distributed to every home in the city.

A letter was sent to every unemployed woman, and to women not employed in essential industry. In addition, a group of women factory workers called on possible candidates.

As a result of these efforts, 850 women workers were added to factory payrolls in the first 15 days of the campaign.

Efforts were continued until, at the end of two months, approximately 1,789 women were hired by the 13 firms participating in the campaign. No record has been kept of the number hired by non-participating companies, although many women found employment in such establishments.

It is interesting to note that, as a result of the advertising campaign, many men who were unemployed, or were employed in unessential industries, applied for, and received, factory jobs.

In the course of the campaign inquiries were received from 7,233 women, a record of considerable interest.

* * *

Connecticut Railway & Lighting has reported net income for the year ended Dec. 31, 1942, before provisions for contingencies, amounting to $1,085,349, as compared with $604,752 for 1941. A contingency reserve of $500,000 was established during the year. Operating revenues of $5,016,411 compared with $3,438,335.

Royal Typewriter Co. is now in full production on the sub-contract with United Aircraft Corp. in the manufacture of airplane assemblies. Royal also has subcontracts with Colt's Patent Fire Arms, Pratt & Whitney, the Springfield Arsenal, and other prime war contracts.

Whitney Blake Co. reported net income for the year ended Dec. 31, 1942, of $190,383, equal to $1.90 a share.

Yale & Towne Mfg. Co. reported a net profit for the first quarter of 1943, after provision of $902,343 for Federal taxes, amounting to $300,781, or 62 cents a share, compared with $383,001, or 79 cents for the first quarter of 1942.

Hartford Electric Light Co.'s power sales for April increased, reversing normal seasonal trend and, at 42,125,000 kilowatts, produced the second highest monthly output on record.

Bigelow Sanford Carpet Co. reports earnings in the second quarter of 1943 showing some improvement over the first quarter, which revealed a loss. The company has recently received a contract for 1,650,000 blankets in the amount of $12,500,000.

The Connecticut Banking Department will issue its list of legal investments on July 1 each year hereafter, the banking statute recently having been amended to discontinue publication of lists on May 1 and Nov. 1, each year.

Additions to the list include: Allentown, Pa.; Auburn, N. Y.; Chester, Pa.; Durham, N. C.; Fairmont, W. Va.; Granite City, Ill.; Hazleton, Pa.; Johnstown, Pa.; Kenosha, Wisc.; Uniontown, Pa.; University City, Mo., and Wyandotte, Mich.

Cincinnati New Orleans & Texas Pacific Ry. equipment series J, 1¾s, to April 15, 1953.

Public Service Co. of New Hampshire first mortgage series A, 3¼s, Jan. 1, 1973.

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Dallas Bond Club To Hold Spring Outing

DALLAS, TEX.—The Dallas Bond Club announces that its spring outing will be held on Monday, May 31st, at the Lakewood Country Club. Features of the day will be golf, swimming and tennis. Cost is $3.50 per person with golf; $2.00 without golf. Reservations should be mailed with check to H. N. McConnell, Secretary of the Club, c/o Crummer & Co., Inc., Kirby Building, Dallas. Because of the food problem, reservations will close May 28th.

Directors of the outing are: John Canavan, Rauscher, Pierce & Company; P. B. (Jack) Garrett, Garrett & Company; W. R. Newsom, Jr., Sanders & Newsom; and J. W. Hickman, Schneider-Bernet & Hickman.

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Can The United States Support A 300 Billion Dollar Debt?

In a carefully documented article published in the "Chronicle" of May 13 bearing the above caption, Dr. Olin Glenn Saxon, Professor of Economics, Yale University, undertook to provide an answer to the question of primary concern to the entire nation, viz.: Can, and will, the gigantic post-war Federal debt be redeemed in money of present or pre-war purchasing power, or will it be repudiated directly, or indirectly, in whole or in part? Dr. Saxon holds that the debt can be paid in what he terms "honest dollars," provided, of course, that the nation's leaders "have the political courage to attempt it." In his article, the author discussed the vital stake of the millions of investors in war bonds in the methods employed in working out a sound solution to the post-war debt problem.

In line with its suggestion, the "Chronicle" has been favored with various comments regarding the views and conclusions set forth by Dr. Saxon in his article. Those that can be accommodated at this time are given herewith and the others will be carried in subsequent issues.

PHILIP M. McKENNA

McKenna Metals Company,
Latrobe, Pa.

Money is a tool which mankind has found useful. Without this invention of a common denominator by which evaluation of alternate courses of action can be accomplished, mankind is without a guiding compass. The industrialist asks, for instance, should I replace one process of manufacture by another method, and calls on the cost engineer to make an equation. Into this equation go the hours of work of persons at the varying rates of pay to which their skill, training and other considerations entitle them; the amounts of materials, electricity instead of gas, for instance, or a larger weight of cast iron for a smaller weight of higher-priced steel; and the labor and skill required to make the changes. The farmer asks does it pay to grow corn on this field and feed it to hogs, or should I grow wheat and sell it for making flour. The politician is not aware of the nicety and accuracy of these computations required for wise conduct of business, industry and agriculture, and how distortion of the measuring tool, money, may lose our country actual man hours and physical goods. To destroy a large animal it is only necessary to strike certain brain centers with a bullet, and the animal dies because its faculty of coordination is destroyed. Similarly, when an important economic principle, normally guiding and coordinating the activity of a nation, is destroyed, the nation is apt to be rendered impotent and unable to defend itself. "Whom the Gods would destroy they first make mad."

When the normal functions of money are inhibited by laws, and restraints are put upon the use of money for facilitating exchanges of goods and services the country as a whole loses efficiency, because a clumsy barter method or the like must be employed instead. By doing away with money, in whole or in part, we do not alter the underlying motivation of the individual, which is the possibility of gain. Exchange simply takes another and often wasteful form. For example, since monetary profit in war industry is frowned upon means are found to induce corporation managers to expand facilities with Government money, with the unstated but real motivation that they shall have control of the acquired machinery and plant after the war. Logrolling of all sorts takes place. Instead of having to produce only the goods necessary to fight the war an equal amount of goods in value must also be ordered and to induce the producers to accept in lieu of monetary profits the additional facilities they will acquire and which it is deemed impolitic to allow as monetary profits. Small wonder that our living standards are lowered because of the inefficiency of motivation by barter!

This assault upon freedom of use of money as a standard began when we technically abandoned the gold standard about 1933. It came to my attention in 1942, by the proposals to seize from the "haves" not only money but also patents and other property, that the "revolutionists" had become aware that inequality prevailed not only in differences in the amount of money possessed by individuals, but in differences in the possession of profitable ideas and knowledge. Inasmuch as ideas are definitely intangible property they sought to seize the only tangible and visible form of this property that they could see, namely the printed patent paper. By this time they have learned that nothing short of the seizure of the **persons** possessing the ideas will accomplish their purposes—hence the Kilgore Bill S 702 and the Pattman Bill HR 2100. These bills presume to make available skilled personnel, at the order of the Government, to carry on work ostensibly, but not actually, for war emergencies, the intention being apparently that they are to be used for the upbuilding of strong political sections which are weak in human abilities or resources; in other words, for the benefit of the "have-nots."

It is not realized that the well-being of the "have nots" would be more rapidly and more surely improved by the normal effect of the competitive system. Those favoring such seizures remind me of the half-grown chickens to whom I fed sour milk in a large pan; in their haste to get at it they got into the pan and wasted this valuable food by splattering. An orderly method of feeding them was necessary to avoid loss and provide for the general welfare of all.

Therefore, in regard to Mr. Saxon's article, I should say that whether we can support a 300-billion-dollar debt, or any debt, is dependent upon whether we are to have restored to us a sound currency, upon which all present and future commitments in business can be reasonably and fairly based, and whether invention and technical progress will be protected by law as guaranteed by the Constitution or destroyed by attempts to hamper and shackle those having special knowledge and the will to improve our common lot.

NORMAN STEELMAN

Great Neck, L. I.

I was very much interested in Dr. Saxon's article in last week's issue and shall keep it for future reference as to the figures but I do not agree with his major conclusion which is that THE UNITED STATES CAN SUPPORT A 300 BILLION DOLLAR DEBT **with a dollar of present or pre-war purchasing power.**

Anyone old enough to remember the cost of things forty years ago knows very well that the dollar of today is a vastly different measure of value from what it was at the beginning of the century. If you take the trouble to trace the steady increase in national debt—and by national debt

(Continued on page 1875)

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Real Estate Securities

In this column we have often called attention to outstanding real estate properties, the mortgage bond issues and the low value placed upon the real estate by the depressed prices at which the bonds were selling.

Purchase of New York real estate bonds is, in a great measure, predicated upon what the future holds for New York real estate.

That of course is a matter of hope and opinion. The correct "guesser" will in all probability make a great deal of money. We personally believe that New York will continue to add to its glory and wealth. It will continue to be rebuilt and rebuilt again and again, but it should still remain the leading city in the world.

So much for the future—it is also interesting to look into the past. How many people recall the buildings which preceded these modern buildings whose mortgage bonds are now being traded in?

Take for instance the 36 story office building at 50 Broadway that we have occassionally discussed in this column. Who recalls the building that preceded it? Actually it was New York's first skyscraper called the Tower Building. The building was 13 stories high. According to the publication "Mid-Manhattan" its history is very interesting: "Fifty-seven years ago when Bradford Lee Gilbert, the architect, proposed the building, he had a fight on his hands. He had a difficult time convincing the city officials that his proposal to 'stand a steel structure on end' would support the weight of the building. The building laws at that time provided that the weight of a building must be supported entirely by the thickness of the walls. It was months before he succeeded in getting his plans officially approved. Even then his idea was so sensational that John Noble Stearns, the silk merchant who owned the twenty-one foot plot expressed his fears that it would collapse. Finally Gilbert spiked all doubts by declaring the building would be safest in a hundred mile gale and that he would occupy the top floors himself. The contract was awarded to Dawson and Archer.. Operations began immediately and unfavorable comment gained in volume as the structure mounted. The first seven floors were built on the steel frame, the remainder being of solid brick. Crowds gathered daily on Broadway to watch the mad venture. The man who owned the adjoining building became panic stricken and when New York's first skyscraper reached the dizzy height of ten stories he sold his property and moved from the shadow of the towering menace.

"The records of the weather bureau show that on Sunday morning in 1886 when the building was up ten stories there came a windstorm of gale proportions. The wind blew at eighty miles an hour and the street—at a safe distance from the building—was crowded with sensation seekers who came to tarry while the 'fool' building came tumbling down. Gilbert himself came downtown to see how his building was weathering the storm. He had a plumb line in his pocket. Watchmen and janitors of neighboring buildings who had deserted their posts recognized him and were indignant in their outspoken criticisms of him. Gilbert climbed the stairs to the tenth floor and lowered his plumb line. The uncompleted edifice was solid as a rock. Not the slightest vibration was revealed. The storm and the test silenced all critics. The era of the skyscraper was on."

The building was eventually demolished and now we have a 36 story modern office building occupying the same location. The only thing about this new building that has fallen is the income and the price of its first mortgage bonds. From a high of $1,037,000 of income in 1931, the income of the building shrunk to only $322,060 in 1942. A ray of hope for the future is in the trustee's estimate of $410,496 income for 1943 and expenses of $287,345 leaving $123,151 before corporate and franchise taxes and depreciation. 3% on the bond issue of $3,692,000 would require about $111,000. The trustee pointed out that about $167,000 of this gross income came from a lease to the War Department.

However, at current market price of about 22 on the bonds, a value on the entire mortgage is placed at approximately $800,000 while the City of New York in its 1943 assessment values the property at $4,150,000. It would therefor seem as if these first mortgage bonds should have some speculative appeal.

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FIC Banks Place Debs.

An offering of $47,485,000 consolidated debentures of the Federal Intermediate Credit Banks was made May 18, at par, by Charles R. Dunn, New York, fiscal agent for the banks. The offering consisted of two issues, viz.: $21,930,000 0.75%, due Dec. 1, 1943, and $25,555,000 0.85%, due March 1, 1944. Both issues are dated June 1, 1943. Of the proceeds from the sale of the debentures, $44,036,000 will be used to pay off a like amount of maturing issues due June 1, 1943, and the balance is for new capital purposes. At the close of busiiess May 1, 1943, the banks will have a total of $291,985,000 debentures outstanding.

Johnson & Southwood

Leeds Johnson and Herbert V. Southwood, both members of the New York Stock Exchange, will form Johnson & Southwood, with offices at 49 Wall Street, New York City, as of June 11th.

NY Title and Mtge. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, have prepared an analysis of series C-2 first mortgage certificates originally issued and guaranteed by New York Title & Mortgage Company.

Copies of this analysis may be had from Seligman, Lubetkin & Co. upon request.

Situations of Interest

Federal Machine & Welder Co. and Purolator Products, Inc., offer attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Interesting basic reports upon these companies may be had from Reynolds & Co. upon request.

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NATIONAL SECURITIES & RESEARCH CORPORATION
120 Broadway, New York

Investment Trusts

(Items are grouped under name of sponsor company)

Hugh W. Long & Co. (15 Exchange Place, Jersey City)—Out with one of those delightful little booklets combining a bit of philosophy, some sound investment advice, and the record of a particular fund's performance. "Successful Investment Management" is the title of this one and Fundamental Invesors is the company dealt with. A $10,000 investment in this fund on Jan. 2, 1933, had a market (liquidating) value of $15,928 on March 31, 1943. Including dividends paid during the period, the over-all gain was to $23,526. . . . Total dividends paid by Manhattan Bond Fund to date (shares first offered in 1938) amount to $2,178,416—not bad for a five-year-old, depression-born, war-nurtured, New-Deal anathematized investment company! . . . New York Stocks reports that in the first four months of 1943 its Bank Stock, Insurance Stock, Railroad and Public Utility Series all bettered the performance of generally accepted averages in their particular fields. Of the 16 Series comparable to the Dow-Jones Industrial Average, 15 outperformed it, five doing one and one-half times as well and seven doing twice as well. . . . A new folder on the Railroad Equipment Series sets a high standard for pictorial and statistical presentation of the industry, "An Arsenal in War; A Great Industry in Peace."

* * *

Lord, Abbett & Co. (63 Wall Street, New York)—Rings the bell with a unique folder, "Maybe You're Overlooking Something!" It lists five points that the investor may be overlooking and they all point to Union Preferred Stock Fund. . . . "In times like these the essence of common stock success is selectivity." That is the essence of the latest **Union Dealer.** It stresses that "The old concept of the business cycle is either gone or indefinitely deferred," and adds, "You get out of a portfolio whatever you put into it." The purpose of the discussion is to introduce a new folder on Union Common Stock Fund "A." We hasten to add that, in our opinion, the folder is highly deserving of such an introduction. It's called "36 Stand-Out Common Stocks," and we won't try to describe it beyond saying that it's a four-color job which commands attention both by reason of the "copy" and the "lay-out."

* * *

National Securities & Research Corp. (120 Broadway, New York)—National Securities Series, first offered in the Fall of 1940, has the following growth record:

	No. Shares Outstanding	Assets
April 30, 1941	223,512	$1,078,599
April 30, 1942	569,892	2,599,555
April 30, 1943	909,428	5,013,805

Sponsor believes "that emphasis on income in four of the Series has been an important factor in building up this comparatively new fund." . . . "Investment Implications of the Outlook for a Longer War" and "Investing for Profit" are the titles to the main discussions in the last two issues of **Investment Timing.** Since May 6 this service has given a bullish forecast for the intermediate trend of stock prices.

* * *

Distributors Group, Inc. (63 Wall Street, New York)—Recent dealer helps are aimed at the Railroad Shares, General Bond Shares, and in particular the Steel Shares. Thesis is that the steels are undervalued. "If steel consumers prosper, steel producers must also prosper." Charts show the growing backlog of demand in steel-consuming industries. Another chart shows that while the securities of steel-consuming industries have advanced from 31% to 71%, the shares of the steel companies have advanced only 3.6%.

Investing Company Shares
A Class of Group Securities, Inc.
Prospectus on Request
DISTRIBUTORS GROUP, INCORPORATED
63 WALL STREET—NEW YORK

* * *

Bull, Wheaton & Co. (40 Exchange Place, New York)—The asset value of Republic Investors Fund common shares gained 63.5% from the low of 1942 to March 31, 1943. This is a leverage fund, but despite a substantial cash position the common shares advanced during the first three months of this year by 24.7% as compared with a gain of 14.4% for the Dow-Jones Industrial Average.

A. W. Smith & Co. (111 Devonshire Street, Boston)—Mr. Ray Vance, Trustee of New England Fund and of General Investors Trust, writing in **Economic Pre-View,** discusses the extent to which inflation has been checked in this country. His conclusions; "The new developments in the fight against inflation are of a type which will delay but not prevent its growth. Certain basic remedies have been used already but in an ineffective degree. The final determination will rest on future policies. At present, it is wiser to expect a considerable ultimate inflation."

* * *

Keystone Corporation (50 Congress Street, Boston)—Again applying the principle of simplicity which it has used so effectively in the past, this sponsor has prepared a neat, pocket-size card designed to help analyze the investor's individual requirements. Simply by checking off the appropriate answers to the carefully (and tactfully) stated questions, the investor provides an excellent "case history" of his needs and objectives. The selection of appropriate classes of securities for him is thus rendered easy.

(Continued on page 1877)

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

The Second War Loan drive in April netted total subscriptions of $18,533,000,000, or $5,533,000,000 in excess of the $13,000,000,000 goal. It is reported that banking sources accounted for $5,048,000,000, or 27.2%. The Treasury Department states that the success of this drive will probably permit the postponement of the next major drive until September. However, a special intermediate offering may be made to the banks before then.

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The December "Victory Fund" drive, it will be recollected, resulted in subscriptions which totalled $12,937,000,000, of which 39.2% were subscribed by the commercial banks. The two drives thus aggregated $31,470,000,000, of which commercial banking sources took $10,120,000,000, or 32.2%.

There is no means of determining from published data the amount subscribed by individual banks. Some light will be thrown on this when their June 30 statements of condition are issued, for a comparison can then be made with their March 31 statements, and the change in Government holdings calculated.

Meanwhile the weekly condition reports from Washington on Federal Reserve Member Banks are of interest. For New York City, as of May 12, the total Government obligations held (comprising Treasury Bills, Certificates and Notes and U. S. Bonds) aggregated $12,287,000,000 compared with $10,611,000,000 on April 7, the last reporting date preceding the "Drive." The increase is $1,676,000,000. For Chicago member banks, total Governments were $3,203,000,000 on May 12, compared with $2,511,000,000 on April 7, an increase of $692,000,000. For member banks in 101 cities, excluding New York, total Government obligations increased between April 7 and May 5 (latest date) from $27,051,000,000 to $30,498,000,000, an expansion of $3,447,000,000. The total of $1,676,000,000 and $3,447,000,000 is $5,123,000,000. This is extremely close to the $5,048,000,000 which is the amount the commercial banks of the country are reported to have subscribed to the Second War Loan.

Since New York City's leading commercial banks have opened "War Loan" accounts with the Government whereby subscriptions to the Government's war issues are credited to the deposit account of the U. S. Treasury, it is possible to gauge approximately the extent to which individual banks are subscribing by noting the weekly reports of the New York Clearing House Association. For instance, on April 8 total deposits of all Clearing House banks amounted to $19,154,817,000, and on May 13, $20,744,403,000, representing an expansion of $1,589,586,000, which closely approximates the increase of $1,676,000,000 in Government bond holdings by New York Federal Reserve member banks. The record for individual banks is shown in the following tabulation:

NET DEPOSIT TOTALS OF NEW YORK CITY CLEARING HOUSE BANKS

Bank	April 8, 1943	May 13, 1943	Increase
Chase	$3,992,031,000	$4,227,826,000	$235,795,000
National City	3,182,058,000	3,438,083,000	256,025,000
Guaranty Trust	2,517,735,000	2,815,904,000	298,169,000
Bankers Trust	1,359,429,000	1,356,078,000	—3,351,000
Central Hanover	1,324,498,000	1,410,337,000	85,839,000
Manufacturers Trust	1,197,687,000	1,304,696,000	107,009,000
Chemical	986,856,000	1,120,602,000	133,746,000
First National	861,579,000	969,943,000	108,364,000
Irving Trust	847,376,000	918,414,000	71,038,000
Bank of Manhattan	795,178,000	843,170,000	47,992,000
New York Trust	570,847,000	635,319,000	64,472,000
Corn Exchange	482,359,000	521,553,000	39,194,000
Bank of New York	282,238,000	318,730,000	36,492,000
Public National	224,715,000	252,108,000	27,393,000
Marine Midland	189,237,000	224,380,000	35,143,000
Commercial	161,663,000	189,731,000	28,068,000
Continental	89,849,000	102,412,000	12,563,000
Fifth Avenue	68,018,000	72,167,000	4,149,000
Title Guarantee	21,464,000	22,950,000	1,486,000
Total	$19,154,817,000	$20,744,403,000	$1,589,586,000

It will be noted that only one bank in the group, Bankers Trust, shows a decline in deposits. This does not signify, though, that no subscriptions were made to the war loan, for the decline was entirely in time deposits, while demand deposits increased approximately $24,000,000.

Turning again to the Federal Reserve Member Banks, it is interesting to note that since April 8 their expansion in Government holdings has far outstripped their decline in commercial loans, which has been fractional. New York City banks, for example, reported commercial loans of $2,255,000,000 on April 8 and $2,203,000,000 on May 12, a decline of only $52,000,000. On the other hand, their total loans and investments over this period expanded from $16,196,000,000 to $18,472,000,000, an increase of $2,276,000,000. For the 101 cities, excluding New York, commercial loans declined from $5,610,000,000 on April 8 to $5,607,000,000 on May 5, or merely $3,000,000. Total loans and investments, however, increased from $41,646,000,000 to $46,108,000,000, or $4,462,000,000.

On the basis of such figures as these it is difficult to escape the conclusion that the 1943 net operating earnings of well-managed banks, despite a possible increase in the surtax from 16% to 21%, should show from moderate to even substantial improvement over 1942 results.

Banking Group Offers $3,500,000 B. & O. Equipments

Halsey, Stuart & Co., Inc., head a group which offered, May 17, at prices to yield from 0.875% to 3.00%, according to maturity, $3,500,000 Baltimore & Ohio RR. equipment trust certificates, Series M, due $175,000 on Nov. 1, 1943, and on each May 1 and November 1 thereafter, to and including May 1, 1953, such certificates being a part of a proposed issue of not exceeding $10,760,000.

Associated with Halsey, Stuart & Co., Inc. in the offering group are: Hallgarten & Co.; Otis & Co., Inc.; A. C. Allyn and Co.; E. H. Rollins & Sons, Inc.; Gregory & Son, Inc.; The Milwaukee Co.; Schwabacher & Co.; Dempsey-Detmer & Co.; First of Michigan Corp.; Hirsch, Lilienthal & Co.; Sills, Troxell & Minton, Inc.; Stifel, Nicolaus & Co., Inc.; Kebbon, McCormick & Co.; Singer, Deane & Scribner; Stix & Co. and F. S. Yantis & Co., Inc.

The issuance and sale of the certificates, to be issued under the Philadelphia Plan, is subject to Interstate Commerce Commission approval. If the $10,760,000 par amount of equipment trust certificates shall all be issued, they are to be secured by the following railroad equipment: three new 5,400-horsepower diesel freight locomotives, each consisting of four units of 1,350 horsepower, to be constructed of all new material by General Motors Corp. Electro-Motive Division: 15 new 1,000-horsepower diesel switching locomotives, each consisting of one unit, eight of which are to be constructed of all new material by General Motors Corp. Electro-Motive Division and seven of which are to be constructed of all new material by American Locomotive Co.: 20 new Mallet freight locomotives, 2-8-8-4 type, to be constructed of all new material by the Baldwin Locomotive Works, and 965 new 50-ton composite hopper cars to be constructed of all new material by Bethlehem Steel Corp. The estimated cost of this new equipment is not less than $10,760,000.

The Baltimore & Ohio Railroad Co. proposes to sell from time to time prior to April 1, 1944, additional equipment trust certificates, to obtain funds equal to the cost of this new equipment.

R. Hoe Co. Attractive

Common stock of R. Hoe & Co., Inc., offers attractive possibilities, according to a circular being distributed by Aigeltinger & Co., 76 William Street, New York, N. Y. Copies of this interesting circular may be had from Aigeltinger & Co. upon request.

Hicks & Price Open New York Trading Dept. Under August Schenck

Cunningham With Firm In Chicago Office

Hicks & Price, members of the New York and Chicago Stock Exchanges, announce the opening of a trading department in their New York office, One Wall Street, under the direction of August A. Schenck, formerly a partner in Toerge & Schiffer. Also associated with the firm in the trading department of the Chicago office, 231 South LaSalle Street, is Bernard J. Cunningham, previously with Strauss Brothers.

Change Firm Name To Simons, Linburn & Co.

Milton Blauner has withdrawn as a partner of the firm of Blauner, Simons & Co., members of the New York Stock Exchange. The remaining partners will continue business under the firm name of Simons, Linburn & Co., 25 Broad Street, New York City. Partners in Simons, Linburn & Co. are Murray Simons, Richard Ernest Linburn, and Ernest A. Linburn, member of the New York Stock Exchange.

Consolidated Electric Situation Interesting

The Collateral Trust 6s due 1962 of Consolidated Electric & Gas Co. is a particularly interesting situation at this time, according to a memorandum contained in the Preferred Stock Guide for May issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of the Guide, which contains quotations on public utility preferred and common stocks, as well as the discussion of Consolidated Electric and Gas, may be had upon request from G. A. Saxton & Co.

Barton & Brown Made Commerce & Industry Association Directors

Bruce Barton, President and Director of Batten, Barton, Durstine & Osborn, Inc., advertising agency, and John A. Brown, President and Chairman of the Executive Committee of the Socony-Vacuum Oil Co., Inc., were elected to the Board of Directors of the Commerce and Industry Association of New York at the annual meeting held on May 18 in the Association's Assembly Assembly Room in the Woolworth Building.

Six Directors were elected to three-year terms to succeed themselves. They are: Neal Dow Becker, President of the Association and President, Intertype type Corporation; William C. Breed of Breed, Abbott & Morgan; Victor Emanuel, President, The Aviation Corporation; Walter Hoving, President, Lord & Taylor; Fred I. Kent, a Director, Bankers Trust Co. and Col. Allan M. Pope, President, The First Boston Corporation.

Kendrick With Dean Witter

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Frank E. Kendrick has become affiliated with Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges and other leading national exchanges. Mr. Kendrick recently was with Bankamerica Company. In the past he was active as an individual dealer in San Francisco and was a partner in Parrish, Kendrick & Co.

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Thrall, John & Space With Woodard-Elwood

MINNEAPOLIS, MINN.—Following the dissolution of Thrall West Company, Henry D. Thrall, Robert L. John, member of the Minneapolis-St. Paul Stock Exchange, and Walter P. Space have become associated with Woodard-Elwood & Co., Rand Tower, Minneapolis-St. Paul Exchange member firm. Mr. Thrall will be a director of Woodard-Elwood & Co.; Mr. John, Vice-President, and Mr. Space will be manager of the trading department.

Inflation Would Leave Health Best Asset

(Continued from page 1858)

modity prices, not to speak of higher wages. They seem to have it all figured out that they will be able to unburden themselves of their merchandise and securities before the ultimate smashup takes place; and as for wages, they will spiral forever.

There is something about the thought of inflation which carries the emotions to enthusiastic heights. So as to illustrate what is meant, it might be well to refer to the following data which shows how in 1937, when much talk about inflation was in the air, investors were willing to pay prices considerably above what they were prepared to pay in 1941 for the very same securities. In 1941, as the below figures indicate, the basic factors which normally should influence the sound purchase of stocks were better than 1937, but the buying fever was lacking:

		1937 Earnings	
	High	Per Share	Dividends
Electric Auto-Lite	45½	$3.43	$2.60
General Motors	70½	4.39	3.75
du Pont	180⅛	7.29	6.25

		1941 Earnings	
	High	Per Share	Dividends
Electric Auto-Lite	33⅞	$4.90	$3.00
General Motors	48½	4.42	3.75
du Pont	164¾	7.50	7.00

In weighing the possibility of inflation and viewing it from the angles of past experiences and what the future may hold in store, it would seem that the concentration of effort should be directed toward trying to prevent inflation rather than endeavoring to figure out how to wriggle through it.

The future of the country's economy would be greatly helped if everyone of the 135,000,000 people in this country, old enough to give the matter thought, were to direct all of their attention and cooperation toward trying to remove those forces which are tending inflationward. It would also be a sound and sensible idea for government, agriculture, labor, capital, industry, transportation, investors and the lowly consumer to try to work together, temporarily forgetting their differences, and to aim at preventing inflation from engulfing them all. The situation is comparable to being on a boat that has been torpedoed, at which time nothing counts other than to try to keep afloat long enough to reach shore or be rescued.

When inflation reaches the point where prices mount to astronomical figures, it ought to be apparent that business must come to a standstill. Who, for instance, could afford to buy a pound of copper or a gallon of gasoline if either of these commodities should sell on the same basis as when the German postal rates in November, 1923, required 40,000,000,000 marks to carry a single letter? How many people would have enough money to buy shoes or butter under those circumstances; and in the light of that condition, who would want to buy stocks when there are neither earnings nor surplus available for dividends which even if they could be paid would have no purchasing power?

It is well to engrave upon one's mind that if the United States should be unfortunate enough to be blitzed by an all-out inflation the chief asset of practically all individuals regardless of station would be a sufficient quantity of good health to enable them to hold down some job so as to earn enough to live from day to day.

Sen. Tydings Urges Agencies To Liquidate Government Holdings

At the "Democracy and Jobs" luncheon session of the Chamber of Commerce of the United States annual meeting in New York, the latter part of last month, Senator Millard E. Tydings, (Dem., Md.), offered a program for action by the government during the war as preparation for the solution of post-war problems.

Speaking on "Effects of Disposal of Surplus Property," Senator Tydings, according to the Chamber's publication "Washington Review," said the government must at an early date do the following things:

1. It must set up a liquidating agency, comprehend all the factors and plan to re-sell that part of the national domain which our government will not longer need.

2. It must set up another liquidating agency to sell, in an orderly fashion and with a minimum interference to private business, the $60,000,000,000 worth of varied materials which the government now owns.

3. We must have another governmental agency set up with its plans ready which will go to work at once in settling the $75,000,000,000 of cancelled war contracts.

4. It is not unlikely that the national government will have to take some measures to deal with unemployment during the transition period.

5. The President and the Congress, through the medium of national laws, should announce to the people of the country that its primary objective is the complete withdrawal of government from private business and that all governmental measures will be directed toward the complete and speedy restoration of our system of private enterprise, as we have known it in this great nation.

Senator Tydings urged that the Chamber of Commerce through proper committees prepare legislation to deal with these various subjects.

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LIFE INSURANCE COMPANY
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We offer, subject:

Dominion of Canada Guaranteed
Issued by Canadian National Railways

4½% Bonds due 1 February 1956

Price 114 and interest, yielding 3.15%

Wood, Gundy & Co.
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Canadian Securities

By BRUCE WILLIAMS

Canada, in introducing this week into the House of Commons the Mutual War Aid Bill, takes the lead once more in demonstrating to the world a sane method of approach to the problems of Lend-Lease. Although Canada does not accept Lend-Lease aid in any form whatsoever for her own account, the Dominion has already rendered assistance of this kind to other United Nations on a considerable scale. Now it is desired to place such aid on a more formal basis and the main points of the bill are as follows:

1. The Government wishes to share what war supplies the country is able to produce above its own needs and does not want a shortage of Canadian dollars to prevent any Allies from obtaining such surpluses.

2. Agreements will be made with those countries that are able to do so to provide Canada with supplies or services in return, but inability to reciprocate will not disqualify a recipient of aid.

3. Canada wishes to avoid piling up huge war debts by selling supplies to Allies for payment after the war, or creating indefinite and uncertain post-war obligations. Where terms and conditions are provided, these will be clearly specified at the time of transfer.

4. All dealings will be directly with the countries requiring assistance.

* * *

The Canadian bond market continues to display considerable strength at a time when there is usually a certain weakness caused by offerings from Canada in connection with Victory Loan activities. On this occasion, the Canadian supply has been on a reduced scale and bonds have been readily absorbed on a rising market.

It is confidently expected that on the return of the Canadian dealers, who during the course of these drives virtually close their offices for ordinary business, inventories will have to be replenished, with the consequence that the market will advance in a still more marked fashion. Successive loan drives, and liquidation on the part of Canadian holders for the purpose of realizing the U. S. dollar premium, have so depleted the potential supply of bonds from Canada that we are now approaching the point when it will be difficult to supply the mounting U. S. demand for Canadian securities.

The hitherto steady supply of bonds from Canada consisted principally of the Dominion-guaranteed Canadian National Railways bonds, which accounts to a great degree for the existing wide disparity with the direct issues of the Dominion. However, if the Canadian market were more closely studied by the larger commercial banks, this state of affairs would not be of long duration. Insurance companies and small banks throughout the country have over a long period of years profited from their foresight in making substantial investment in high-grade Canadian securities, but their operations have not been of sufficient scope to iron out the many disparities which exist between comparable issues. This function could be well and profitably performed by the larger commercial banks.

For example, the Dominion-guaranteed Canadian National Railways 5% bonds, which are callable July 1, 1944, and which currently yield 2¼% to call date, appear to be definitely out of line when compared with the following issues:

Issue—	Yield
City of Ottawa 4½% 7-1-1944	1.35%
City of Toronto 4½% 7-1-1944	1.50%
Province of Ontario 4½% 9-1-1944	1.65%

Similarly the following comparison of other Canadian National Railways bonds with direct Dominion issues is equally illuminating:

Canadian National Railways

Issue—		Yield
5%	10- 1 69/49	3.10%
4½%	9- 1-51	3.20%
4¾%	6-15-55	3.25%
4½%	2- 1-56	3.00%

Dominion of Canada

Issue—		Yield
2½%	1-15-48	1.95%
4%	10- 1-60/50	2.60%
3%	1-15-53	2.60%
3%	1-15-58	2.75%

Now that the U. S. bond drive is over and in view of the small allotments of bonds to the commercial banks it is quite possible that the Canadian market will now have an enhanced attraction for these institutions, especially as it is a possibility that future U. S. issues designed for investment by banks may not carry a coupon in excess of 1¾%.

Taylor Named To Head Baltimore Stock Exch.

BALTIMORE, MD.—Howard R. Taylor of Howard R. Taylor & Co. has been nominated to serve as President of the Baltimore Stock Exchange for a one-year term. The election is scheduled to be held on June 7.

The Nominating Committee has also submitted to the members of the Exchange for their approval the names of these additional nominees for the election:

Four members of the Governing Committee (to serve for three years to 1946)—C. Prevost Boyce (Stein Bros. & Boyce), Frank Fisher, Chas.. W. L. Johnson, Philip L. Poe (Philip L. Poe & Co.).

One member of the Governing Committee (to serve for two years to 1945)—F. Grainger Marburg (Alex Brown & Sons).

One member of the Governing Committee (to serve for one year to 1944)—Charles H. Pinkerton (Baker, Watts & Co.).

For Trustee of the Gratuity Fund (to serve for three years)—William G. Baker, Jr. (Baker, Watts & Co.).

The members of the Nominating Committee are: James S. Whedbee (Chairman), Henry Lay Duer, William V. Elder, Jr., Abel A. Rosenburg (Mackubin, Legg & Co.) and George M. Scott.

Some Questionable Inferences Drawn From Estimates Of National Income

(Continued from first page)

ing and an investment, or is it money spent for consumers' goods?

But quite apart from these difficulties are those involved in distinguishing net income from the flow of money and credit during any period. The confusion in concepts here is perhaps the most important of all.

To illustrate: We have some fairly good figures on total expenditures in this nation during the week, month, or year in the form of debits to deposit accounts. For the year 1942, these debits are reported to be $663,652,000,000. If we should assume that these represent 75% of the total for the nation then the total would be $884,869,000,000. (A better estimate could, perhaps, be obtained from the Board of Governors of the Federal Reserve System.) Just how much money is spent during a year or how many exchanges of goods and personal services are made which do not appear in these debit figures, we do not know. But if we take only these estimated debit figures, Secretary Jones' estimate of $82,000,000,000 of consumers' expenditures for 1942 means that less than 10% of the nation's expenditures as represented by debits alone were "consumers' expenditures."

I doubt that the daily experiences of most of us, plus our other knowledge, would permit us to believe that such a percentage is even approximately accurate. Or, if this less than 10% figure is accurate, what inferences may we properly draw from it?

The very important question arises as to what are the relationships between national income and total expenditures for 1942, and between national income for 1942 and total expenditures for 1943. If debits alone for 1942 were $884,869,000,000, and national income was $119,800,000,000, is it true that for every $7 spent during a year a dollar of net income is produced? In 1929, the estimated debits and national income were, respectively, 1,200 and 81 billions of dollars—a ratio of nearly $15 of debits for each dollar of national income.

If these estimates for these two years are even roughly accurate, it should be clear that there is no fixed relationship between the national expenditures for a year and the national income for the same year. And it seems reasonable to suppose that there is even less relationship between the national income for one year and the expenditures for the next. One reason is that a large proportion of expenditures can and does rest upon debt and that this proportion varies from period to period. Furthermore, a corporation can receive and spend a million dollars and have no net income, while another can receive $100,000, spend $75,000, and retain $25,000 (for a short period) as net income. In these cases, as for individuals, expenditures and net income may have little or no relationship. If this is applied to all the people of this nation, the generalization would seem to be equally true.

Perhaps the most important thing in all this today is the willingness of people to use these crude national income estimates as a basis for a Federal tax program. For instance, it is a common jargon in certain circles today that there is an "inflation gap" of so much and that all or part of this should be taken up by Federal taxes. My contention is (1) that the "inflation gap" concept is untenable and will not withstand careful analysis for the reasons pointed out above, not to mention others, and (2) that any attempt to build a Federal tax program on such a concept and estimate may lead to most unfortunate consequences. It may bring on the very things that we are attempting to avoid.

If taxes are so heavy that people cannot meet their other accumulated and unavoidable obligations, bankruptcies will follow. If tax pressures become that heavy or too heavy, people cannot buy government securities. This will compel the banks to buy even more than at present. If the people should become frightened at such a development, the government would then find itself forced to rely almost exclusively upon monetization by the banks of Federal borrowing and perhaps finally on the issuance of irredeemable paper money.

When our government says it will take 40 or 50% of the people's incomes in taxes, it is dealing with a mathematical abstraction for the nation that does not reveal what the consequences will be when that levy falls upon certain classes of people. For example, a middle-aged person with a substantial taxable income may also have accumulated obligations that cannot be dropped quickly without unfortunate results when the tax load is suddenly thrown upon him. Our income tax laws give inadequate recognition to these unavoidable commitments. Such a person is compelled to pay his tax out of his capital, or to borrow, until he collapses. Many a young single person with a much smaller income and with few accumulated obligations can absorb a much heavier rate of taxation than his much wealthier elders and with much less disaster socially. Our Federal income tax laws have a system of rates in this respect out of harmony with the economic facts and consequences. Capital levies are, in fact, already in effect, and apparently to a serious extent, because of this situation. We need to give more careful attention to this problem and danger.

What we need to do today is to feel our way along carefully; shed quickly the currently popular concepts and jargon regarding the "inflation gap"; watch the effects of our tax burdens; avoid the impairment of production which yields the income out of which taxes should be paid and bonds may be bought; avoid capital levies; keep a healthy proportion of people's incomes flowing into government bonds; hold down as well as we can the proportion of bonds going to our banks, but not assume that a considerable monetization of the Federal debt can be prevented; and avoid being the victims of the current fetishes regarding our ability to pay 40, 50, or 60% of our income in taxes.

There is, I am convinced, too much talk in this country about taking up the "inflation gap" and preventing a rise in prices **at all costs** without understanding what those costs may be. The **first** consideration is maximum production, war and civilian. If taking up the "inflation gap" causes bankruptcies and restricts productive enterprise too sharply, then incomes, taxes, and bond purchases will decline, and disaster may be the result. The argument for "guns rather than butter" advances a doctrine that becomes increasingly dangerous as the period of the war lengthens. Civilian enterprise should expand in every way possible to support the burdens of war.

Finally, what England or Canada may supposedly or actually be doing with its tax proportions may not, for many reasons, be applicable in the United States. For one thing, their figures do not, I think, reveal the pressures lifted off them (and put on ourselves) by our lease-lend shipments.

New York Stock Exch. Borrowings Higher

The New York Stock Exchange announced on May 7 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business April 30 totaled $569,614,299, an increase of $182,719,306 over the March 31 aggregate of $386,894,993. The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges, (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $219,709,310; (2) on all other collateral, $349,904,989; reported by New York Stock Exchange member firms as of the close of business April 30, 1943, aggregated $569,614,299.

The total of money borrowed, compiled on the same basis, as of the close of business March 31, 1943 was (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $75,368,500; (2) on all other collateral, $311,526,493; total $386,894,993.

Canadian Crop Report

The Bank of Montreal, in its first general report on the condition of Canadian crops, issued May 6, had the following to say:

"While the season generally is from two to three weeks late east of the Great Lakes and in British Columbia, weather conditions have been favorable on the whole throughout the Prairie Provinces and land operations there are becoming general, with the seed bed in good condition and sufficient moisture to ensure germination. Precipitation to date in these provinces has been somewhat below normal and rainfalls will be needed this month in some districts. A preliminary survey indicates a reduction in wheat acreage, while the acreage sown to coarse grains, particularly barley and flax, will show an increase. Last year's unthreshed crop is being harvested, and while yield is low, the grade is better than was expected. In the Province of Quebec, Spring is from two to three weeks later than usual and snow is still in evidence in many regions. Pastures and meadows have wintered well generally, and orchards are in good condition, apart from minor damage. Prolonged cold weather reduced the run of maple sap and the crop is estimated at 50 to 75% of average, with the quality fair to good. Warm rains are needed to promote growth. In Ontario, Spring work has been delayed considerably by adverse weather conditions and in most sections seeding operations are not yet under way. The season is at least two weeks later than normal. Much of the land is very wet and warm, dry weather is badly needed. In the Maritime Provinces very little work has been done on the land as yet. Fruit trees are reported to be free from frost damage and pastures have wintered well. In British Columbia, planting is in progress but growth is backward. Some Winter damage to peach, apricot and small fruit trees is reported from the Okanagan."

CLAYTON KNIGHT

Today
The Troop Gliders...

Tomorrow
The Sky Train

Industry is helping win the war...
industry must help build a peacetime world

Today, all industries must produce as never before—must speed the output of food, tanks, planes, guns, ships and other instruments of war—must conserve vital supplies—that we may win quickly a decisive victory.

Tomorrow, all industries must continue to produce—beating swords into plowshares—to prevent world-wide unemployment leading to ultimate economic collapse.

If the world is to prosper there must be the same cohesion among the United Nations during the transition period and thereafter as now exists during the world-wide conflict. Internal stability here and in other nations can be gained and maintained only by sustained industrial production and by interdependence.

The people of this country, in common with the people of other lands, will prosper materially and spiritually when this war is ended but only if plans world-wide in scope are formulated promptly for A JUST AND DURABLE PEACE.

ARMY E NAVY
Awarded to Huntington Works

THE INTERNATIONAL NICKEL COMPANY, INC.
Subsidiary of The International Nickel Company of Canada, Limited
New York, N.Y.

The War And American Foreign Investments

(Continued from first page)

England. So far, the nation has met promptly and faithfully her contractual engagements.

Of the nine Axis-occupied countries with dollar bonds outstanding, only four were meeting the service on their debts prior to the war: Belgium, Denmark, France and Norway. Czechoslovakia had suspended payments immediately after the occupation of the country and the establishment of a protectorate, while a loan of the Czechoslovak City of Carlsbad had been in default for many years. The remaining countries had been either wholly or partly in default, a situation not necessarily connected with the conflict but merely the result of a rather unsatisfactory attitude towards the rights and privileges of creditors. Within recent months many of the bonds of Axis-occupied nations have advanced appreciably, but holders or prospective investors should not conclude that an early United Nations victory would convert these obligations from speculative issues to conservative investments. The four nations referred to above have continued to meet the service on their debt despite occupation by the Hitler hordes. They may and in all probability will continue to do so in the future out of dollar balances at their disposal. Thus, neither war nor occupation has apparently impaired the excellent credit standing which many of these countries have enjoyed in the world's financial markets, while countries whose past fiscal performance has not been of the best, easily succumbed.

The most satisfactory account has been given by the Latin-American group, even though the war and the resultant improvement in the economy of practically all the nations South of the Rio Grande have not yet decided some of these countries to resume the service on their debt which, in some instances, has been in default for more than a decade. Brazil and Mexico are the two notable exceptions. With respect to the former, payments were commenced as of April 1, 1940, at greatly reduced rates in accordance with provisions set forth in the so-called Modified Aranha Plan, which is scheduled to expire March 31, 1944. A new plan is to be presented to bondholders prior to October, 1943. If Brazil is genuinely desirous to permit her creditors to share at least a portion of her economic improvement, the new schedule of payment should be more equitable than the present. Bonds may be said to have discounted to some degree a more satisfactory adjustment. This is evident from a recorded appreciation of over 349% since August, 1939.

As regards Mexico, an arrangement has recently been effected calling for the resumption of interest and amortization of the nation's external loans on a basis drastically reduced compared with originally stipulated rates. The advance in quotations since the outbreak of the war amounts to 1,774%.

Argentina has continued to service her engagements faithfully. Failure of bonds to show more marked appreciation is due to the fact that even before the war, the nation's credit was held in high esteem, which was accurately reflected in the price of the nation's obligations.

The rise in Bolivian bonds has been most pronounced, although remaining in complete default. Whether the Republic will see its way clear to resume payments in the light of the apology by President Roosevelt to the Chief Executive of Bolivia on the grounds that American loans during the "Coolidge era" had been granted for the purpose of "exploiting" the Southern nation, remain to be seen. Parenthetically, President Roosevelt apparently overlooked a loan made by America to Bolivia during the Wilson era, on which payments have also been suspended.

Holders of bonds of enemy countries have sustained a loss of somewhat less than $400,000,000. However, this loss is wholly deductible by virtue of a ruling by the Internal Revenue Commissioner of the Treasury, which reads in part as follows:

"In accordance with the provisions of section 127(a) (2) of the Internal Revenue Code, as added by section 156 of the Revenue Act of 1942, the cost or other basis of all German, Italian and Japanese Government Bonds and bonds issued by municipalities, States and other subdivisions of those countries, is fully deductible in the year 1941 as of the respective dates war with Germany, Italy and Japan was declared by the United States, the losses being considered to be in the nature of casualty losses.

"In order for a taxpayer to avail himself of the benefit of the losses, a claim for refund on Form 843 should be filed with the Collector of Internal Revenue for the district in which his return for 1941 was filed, in accordance with the provisions of section 322(b) of the Internal Revenue Code, as amended."

The relatively satisfactory showing exhibited by foreign bonds outstanding in the American market augurs well for this type of securities in the post-war era.

When the present conflict is over and the democracies will have scored a decisive victory over Hitlerism and Fascism in general, the victors will be confronted with a most gigantic task: world reconstruction. The United States will remember the unfortunate consequences of isolation indulged in after the first World War and will assume full responsibility and will participate in rebuilding what has been destroyed by years of war and disaster. As a result of unwarranted adverse publicity in regard to foreign lending, it will take time before private capital will be able successfully to approach the investing public. After all, the disrepute into which foreign loans have fallen is the result not so much of a deterioration in the status of this particular type of investment, but rather of a propaganda unintentionally spread by legislators who were not sufficiently interested carefully to study what they were willing to condemn.

Since it is easier to tear down than to build up, the process of re-converting the American investing public will at best be slow. But the campaign will prove successful.

In order to assure the success of the educational campaign, it will be necessary to offer investors certain reassuring features as was the case during an earlier period when they were given the so-called gold and the war clause. Neither of them would be of any aid. It seems that in the next era of international lending, public offering of foreign issues should be endowed with what might be termed the Commodity Clause. That is to say, payment will be made in United States dollars or in the currency of the debtor country at a rate not lower than obtained at the time of issue. The holder should have the right to demand and receive payment either in dollars or in the currency of the debtor in the latter's country. The debtor will agree to permit the employment of such native currency by the creditor or anyone he may choose to designate without any restriction whatsoever, including the payment of Federal, State and city taxes at the full face value.

Default in the past often occurred not because of unwillingness on the part of the debtor to meet contractual commitments, but because of inability to secure dollars. This was especially true after the enactment of the rigidly protective Hawley-Smoot tariff measure, which made it increasingly difficult for debtor countries to sell their products at a profit.

The proposed introduction of the clause referred to will remove any excuse which a debtor nation might care to offer in the event of non-payment. It will be the only safe protection against default, unless, of course, the debtor wishes to go on record repudiating his obligations. With Hitler and all he stands for confidently expected to be eliminated forever, such eventuality is not anticipated.

Objections will be raised against this proposal on the grounds that accumulation of native currency might lead

(1) to a depreciation in the value of the respective exchange; and

(2) to an increase in the price of domestic products;

in short, to an inflationary economy and all its attendant evils. This could be obviated only by the adoption of measures at the forthcoming peace conference which will not contain the errors committed a quarter of a century ago. That is to say, loans and credits should be extended to nations in need of them, but the lenders should not enact such legislation as will deprive the borrower of the principal means of repayment, namely, goods and services. In this way, and in this way alone, will it be possible to bring back normality and prosperity and lasting peace.

	Amount Outstdg.	Value at Price		Appreciation	
		Prior to War	Recent	Amount	In %
A. United Nations—					
Australia	$232,613,000	$192,689,440	$206,734,560	$14,045,120	7.40%
Canada	294,000,000	282,535,000	306,400,000	23,865,000	7.95
China	11,097,280	943,270	2,219,455	1,276,185	135.35
Russia	75,000,000	254,375	6,750,000	6,495,625	2,780.00
B. Neutrals—					
Finland	12,186,000	11,881,785	8,371,400	*3,510,385	*29.25
Irish Free State	711,500	802,235	675,925	*126,310	*15.80
C. Axis-Occupied Countries—					
Belgium	31,657,400	30,788,240	26,885,400	*3,902,840	*12.60
Czechoslovakia	9,313,300	2,175,040	3,538,325	1,363,285	68.15
Denmark	125,381,500	95,322,895	71,583,300	*23,739,595	*25.00
Estonia	3,271,000	2,943,900	654,200	*2,289,700	*76.30
France	27,456,800	32,673,590	27,456,800	*5,216,790	*17.35
Greece	26,942,500	4,175,085	6,331,485	2,156,400	53.90
Norway	97,646,000	96,142,040	84,759,635	*11,382,405	*11.85
Poland	40,338,420	9,428,895	6,294,310	*3,134,585	*33.35
Yugoslavia	32,791,100	5,222,905	5,574,485	351,580	7.05
D. Latin American Countries—					
Argentina	201,753,400	145,765,020	168,354,035	22,589,015	15.05
Bolivia	59,500,000	1,487,500	10,710,000	9,222,500	614.85
Brazil	306,816,500	29,618,320	134,335,590	104,717,270	349.05
Chile	161,398,000	14,844,920	37,446,340	22,601,420	15.05
Colombia	107,413,500	19,266,565	33,372,510	14,105,945	70.50
Costa Rica	6,562,000	1,565,365	1,804,170	238,805	14.90
Cuba	103,247,300	62,397,950	95,792,370	33,944,200	56.55
Dominican Republic	16,292,000	11,576,485	13,962,255	2,385,775	20.55
El Salvador	10,572,000	1,218,660	2,667,600	1,448,940	120.75
Haiti	6,884,500	6,058,360	6,058,360	-------	----
Mexico	279,165,060	1,803,735	33,735,630	31,931,895	1,774.00
Panama	2,318,500	1,441,875	2,286,650	844,775	58.65
Peru	86,480,500	5,727,650	19,505,280	13,777,630	241.70
Uruguay	51,357,900	20,158,935	36,034,730	15,875,795	79.35
E. Axis Countries and Satellites—					
Germany	501,208,030	109,154,365	-------	109,154,365	100.00
Japan	315,418,440	188,134,405	-------	188,034,405	100.00
Italy	121,521,400	50,626,360	-------	50,626,360	100.00
Austria	31,390,300	3,497,130	-------	3,497,130	100.00
Bulgaria	16,634,500	2,287,250	-------	2,287,250	100.00
Hungary	42,042,350	29,611,800	-------	29,611,800	100.00
Rumania	62,895,600	11,321,210	-------	11,321,210	100.00

RECAPITULATION

	Amount Outstdg.	Value at Price		Appreciation	
		Prior to War	Recent	Amount	In %
United Nations	$612,710,280	$476,422,085	$522,104,015	$45,681,930	9.60%
Neutral Nations	12,897,500	12,684,020	9,047,325	*3,636,695	*28.60
Axis-Occup'd Nations	394,798,020	278,872,590	233,077,940	*45,794,650	*16.35
Latin Amer. Nations	1,399,761,160	322,931,340	596,065,520	273,134,180	84.55
Axis & Satellite Nat.	1,091,110,620	394,532,510	-------	*394,532,510	*100.00
Total (excl. Axis)	$2,420,166,960	$1,090,910,035	$1,360,294,800	$269,384,765	26.95
Total (incl. Axis)	$3,511,277,580	$1,485,442,545	-------	*$125,147,745	*8.45

*Denotes depreciation.

The CHRONICLE invites the comments of its readers on the views expressed by Dr. Winkler, or on any related phases of the subject under discussion.—Editor.

FHA Administrator Declares Private Capital Invested In Housing Will Be Protected

Outlines Changes In Mortgage Financing Brought About By The War

Weighing the prospects for private enterprise in war and post-war housing, Abner H. Ferguson, Federal Housing Administrator, in speaking before the 1943 business meeting of the National Association of Mutual Savings Banks held in New York City, outlined the extensive changes in mortgage financing brought about by the war. In his remarks Mr. Ferguson said:

"No stone has been left unturned in Washington, either by the FHA or the National Housing Administrator, to protect the interest of private capital. We sometimes have been accused—along with private builders and private capital — of being 'business-as-usual' boys. Nothing can be further from the truth. We simply believe that in many instances private capital and private enterprise can do the job that needs to be done; tha tthey can do it efficiently and speedily; that such operations, while admittedly more risky than our former peace-time building program, still are reasonably sound investments for private capital and certainly save the large expenditures the Government otherwise would have to make."

Discussing peace-time building, Mr. Ferguson continued:

"Back in the days of the last depression one of the blackest spots was in the construction industry, particularly in the financing of residential construction. Out of that tragic experience the FHA insured mortgage program was developed. It has stimulated activity in the building and allied industries; and it has offered profitable and sound investments to lending institutions. The system provides one long-term mortgage for from 80 to 90% of appraised value. The property must meet at least the minimum of established standards of design, construction, and neighborhood. The borrower must demonstrate his ability to liquidate the obligation he assumes.

"If there was necessity for such a system nine years ago, how much more necessary it will be after the war when home construction again becomes one of the dominant forces in the nation's economy. While there has not been the devastation here that other parts of the world have suffered, our own post-war period nevertheless will also be in the category of reconstruction. And the problems involved are staggering to the imagination but let us hope not insurmountable. We shall need to maintain a large part of our present industrial tempo in order to provide sufficient employment to keep the national income at a high level. We must turn present war-time manufactures into peace-time consumer goods for which the pent-up demand grows greater day by day. We must avoid a boom just as carefully as we must guard against a collapse, which will call for a very fine balance indeed.

"While it is important to think now of the post-war period any plans that we do make should be flexible enough to permit of adjustment at that time. The danger of setting up a definite pattern now is that conditions well may be completely different from those anticipated."

Protective Committee For Victims of Axis Property Seizures

Establishment of a foreign property-holders' protective committee on behalf of American industry and its 2,000,000 investors whose property valued at $5,000,000,000 has been destroyed or looted by the Axis in the global war zones, it was announced on May 2 by Eugene P. Thomas, President of the National Foreign Trade Council, Inc. According to press advices from Washington the protective committee, which will seek claims against the Axis, is headed by James A. Moffett, Chairman of the Board of the California Texas Oil Co., Ltd. The announcement said that the committee represents from 90 to 95% of the American industry engaged in foreign commerce prior to the war.

Mr. Thomas outlined the following program which the committee will follow:

1. To determine the principles which should govern calculations of the amounts of loss, the formalities required for establishment of proof of loss, and the manner in which compensation should be made.
2. To present these principles to the United States Government, and, when appropriate, to other governments, so that the interests of American property owners may be adequately taken care of in the peace treaties or other settlements.
3. To gather and collate pertinent information concerning treaties, laws and regulations in the various countries and territories.
4. To maintain close contact with the proper authorities to obtain speedy protection of property, rights and interest in territories occupied or re-occupied by the Allied nations.

Mr. Moffett indicated the objectives of his committee as follows:

"The National Foreign Trade Council is determined to take early and prompt measures to avoid the difficulties that arose following the last war in establishing proof of claims, and to prevent a repetition of inordinate delay in the settlement of claims. The problem is vastly more extensive and complicated than after the last war, due to the number of countries in enemy hands and the enormity of the dislocation and devastation wrought by the Axis powers.

"Our committee will function as a policy-forming group and as the instrument through which the individual may seek the benefits of united action in representations of principles to departments of our own and other governments."

Are We Giving Away Our Gold?

(Continued from page 1859)

return this "warehouse gold." It remained for a well-known liberal in the New Deal constellation of financial prestidigitators to offer a plan. It was the ne plus ultra of similicity. This New Dealer proposed that we distribute the world's gold by simply loading up this troublesome "dross" and shipping it back. He didn't say whether we were to pay a tariff to the receiving countries or not. But since it was clear to this cameralistic genius that the givers were the more blessed, it seems a mere cavil for us to object to paying a tariff under the circumstances.

Although that suggestion rung the bell—like a piece of cracked pottery—the plan apparently was not enthusiastically adopted. But don't be too sure. Maybe it has been. In fact, it probably has been. It may be a military secret. Or it may be a secret to be guarded until the New Dealers can rid us of this "poison" gold. There may, in fact, be trickery going on in the world—and very clever trickery at that.

To examine the problem somewhat critically: How does it come that we are losing gold? How does it come that the impecunious foreign countries who are not able to pay for goods we are sending them are able to pile up $3,000,000,000 of gold under ear-mark? And maybe these foreign countries, by the time the war ends will have several times $3,000,000,000 under ear-mark in this country, plus ALL the yellow metal that is produced in other countries.

There is one answer to those questions, and it is quite simple and certain. Here it is: When we buy, we pay. When we sell we do not collect. That is a simple, categorical statement of our position. It is the clever plan worked out with the primary object of "distributing" our gold—which is a euphemistic way of making the somewhat alarming announcement that the New Dealers ARE giving away our surplus "dross," after all. This is a sh, sh business. We must help our "allies" to the limit. Nobody should complain. Even so, is the obligation all one way? In our scheme of putting nice candy-stripes around this battered globe are we never to expect any help from others but carry the entire burden ourselves? Well, it looks that way. It is certain that the rest of the world is taking our gold, and the modus operandi is just too simple for words. It works like this: Our exports are almost entirely of a military nature. We "lend" these exports; that is, we know we are not lending them; we are giving them, but we pretend we are "lending." We pay for imports. No matter whether these imports are to be used for military use or for civilian use, we pay for them. It happens that—excluding military exports—we are buying more than we are selling. The balance is being settled in gold. Settled for in that old, worthless gold that we have the misfortune to possess! But suppose, for example, we did NOT have gold with which to meet our obligations. Wouldn't that be an awkward situation—for us? Does the rest of the world feel such superior contempt for what Will Shakespeare termed "this yellow slave" that it would send US goods on "a lend-lease" arrangement? Would our most ardent friends, or our comrades in arms do it? Do we not stand alone as the gilded, if somewhat goofy, Santa Claus of the universe—a sort of world Grand Almoner?

Leaving to one side the question of whether we are doing the best for ourselves in giving this gold away, may we not logically inquire whether we are even promoting the real interest of the world by distributing this all-powerful metal? Suppose, for instance, when the war ends we have substantially all of the world's monetary gold, and suppose, further, that we have the urgently needed producing power. May we not then logically say to the world: "We are sick of this perennial bloodshed, brought about by cracked-brained, ambitious European rulers, who manage to spatter us with blood and brains of tens of thousands of dying men. If you plan more bloodshed you can starve. That may put an end to your throat-cutting."

But if we continue to slyly give this purchasing power to these people who revel in blood, and who think there is no meat so sweet as the hot, bleeding heart of the enemy, are we not, in effect, giving them some new murder tools for future use?

We are now not only losing gold, but we are losing it at an accelerated rate. It is a deliberate plan. It is being done—in effect—behind a screen. This writer says it is being done "behind a screen" because not long ago he learned that even many well-known New York City bankers had not noticed that we have really begun to lose gold on a large scale. It will grow larger. Something can be done about it now; later on all we can do will be to wring our hands. The horse is not yet stolen. Why wouldn't it be a good plan to lock the barn—and do it now while the horse is safe?

If we continue to give away our gold, do we not lose our ace card in shaping peace? What more effective tool than gold for hewing out the shape of world peace—of futurity? What could give our views greater weight in bringing about peace of our own "brand"? If we, in effect, pull down our pants and bring in the rod, we need not cry if we get our posteriors burned.

The Securities Salesman's Corner

How One Salesman Tripled His Income In Less Than A Year

One of the most successful salesmen we have had an opportunity to meet in many years told us a story the other day of how he climbed out of the small salary class into what is now a very substantial income. His method was so simple that we are certain most securities men have often thought about such a plan and possibly many have used it to some extent in their own business. Nevertheless, we feel that this salesman's story is worth repeating because it has so much common sense behind it that even if you may find nothing new in the idea, such a plan consistently followed should help every salesman to increase his earning power.

This salesman figured out that he only had a limited amount of working time in a day. When he eliminated the time spent in traveling to and from his office, the time he spent in reading and study, in analyzing his customers and their holdings and in traveling to and from one customer to another, he began to wonder just how he found time to actually spend in making any interviews at all. He boiled it all down to about 20 hours a week that he had available for talking directly to his prospects and customers. This figure may seem small, but in our opinion we believe that the average salesman would just about agree that it would not be far off the mark.

When this salesman discovered how pressed for actual selling time he really was he became aware of one important fact which opened his eyes to the reason for his limited earning power. HE COULDN'T SEE ENOUGH PEOPLE DURING THE WEEK—THE NUMBER OF HIS CALLS WERE LIMITED BY THE TIME WHICH WAS AVAILABLE TO HIM.

The realization that only about 20 hours a week could be spent in actual selling woke him up to the fact that time was a precious thing to every salesman. He reasoned that if he had only 20 hours a week for seeing customers that when he did call upon a prospect or a customer IT WAS IMPORTANT THAT THEY WERE THE TYPE THAT WOULD NOT WASTE HIS TIME. He told us that this 20-hour week idea became so strongly entrenched in his mind that it became an incentive for him to eliminate many worthless calls, and eventually to substitute calls upon more important accounts instead of the smaller buyers that he had formerly considered the backbone of his business.

He also brought out another very important point which illustrates what a change in environment can do for anyone. He claimed that as he went along, eliminating smaller accounts and gradually building up the larger clientele, his own thinking became broader and his conception of the SIZE OF AN ORDER INCREASED AUTOMATICALLY. Where he had formerly thought in terms of odd lots and a bond or two, he unconsciously developed a mental state where the size of the order no longer presented a selling hazard which had oftentimes in the past caused him to stumble when it came time to close the sale.

During the past few years, when the securities business has been a hard row to hoe, many salesmen have been happy to take whatever business they could get. It appears that better times are here—or at least are on their way. When it is easier to do business you can afford to be a little more independent. Taking advantage of better times mean not only MORE CALLS but BETTER ONES.

Bill Would Authorize Advertising Program

A bill authorizing the Treasury to spend from $25,000,000 to $30,000,000 a year on newspaper advertising of United States war bonds to "provide for more effective use of idle currency in aid of the stabilization program and the war effort," was introduced in the Senate on May 4 by Senator Bankhead (Dem., Ala.). The legislation would require at least half of the amount to be spent on advertising in weekly, semi-weekly, tri-weekly and monthly newspapers and the remainder in daily newspapers.

Associated Press Washington advices had the following to say in the matter:

"The Secretary of the Treasury would cooperate with "recognized existing publishers' associations" in setting up the advertising campaign.

"The program would be designed, the bill stipulates, to "completely safeguard" the freedom of the press; "avoid interference in any manner with the independence of any newspaper or its responsibility to serving its readers," and "protect editors and publishers in their right to publish criticism of the policies or conduct" of the Secretary of the Treasury or any public official.

"The measure also would authorize the Secretary of the Treasury to allot parts of the fund to the Secretary of Agriculture, War Food Administrator, Price Administrator and the War Manpower Commission for advertising their respective agencies.

The legislation would be effective from June 30 until six months after the war's end.

Opposition to this proposed Government-financed advertising program was voiced at the recent convention of the American Newspaper Publishers Association as was noted in our issue of May 6, page 1688).

This is under no circumstances to be construed as an offering of this Stock for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Stock. The offer is made only by means of the Prospectus.

Not a New Issue

395,178 Shares

West Indies Sugar Corporation

Common Stock

($1 Par Value)

Price $15 Per Share

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer this Stock in compliance with the securities laws of the respective States.

Harriman Ripley & Co.
Incorporated

Blyth & Co., Inc. Lee Higginson Corporation Lazard Frères & Co.

G. H. Walker & Co. Wertheim & Co. Farr & Co.

May 18, 1943.

REDEMPTION NOTICE

To the Holders of

LOUISVILLE AND NASHVILLE RAILROAD COMPANY

Unified Mortgage 3½% Bonds with Extension Agreements of Series A due January 1, 1750 attached

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Supplemental Indenture dated January 1, 1940 between Louisville and Nashville Railroad Company and Central Hanover Bank and Trust Company, as Trustee, supplemental to Unified Mortgage dated June 2, 1890 from Louisville and Nashville Railroad Company to Central Trust Company of New York, as Trustee, the undersigned has elected to redeem and does hereby call for redemption and payment on July 1, 1943, $5,000,000. principal amount of the above described bonds at 102% of the principal amount thereof and accrued interest on the principal amount to the date of redemption. The serial numbers of the bonds to be redeemed have been selected by Central Hanover Bank and Trust Company, as Trustee, and are numbered as follows:

BONDS IN COUPON FORM IN THE DENOMINATION OF $1,000. EACH, ALL PREFIXED WITH THE LETTER A:

3 4 13 14 19 20 30 33 34 40 45 48 54 57 58 65 67 70 71 78 79 82 84 86 87 98 107 114 122 127 134 142 143 152 154 156 164 168 177 182 187 190 200 201 203 213 215 216 221 222 223 224 229 241 243 246 247 277 281 293 294 295 296 297 298 305 311 318 321 322 325 326 332 333 335 337 343 346 347 348 350 351 358 368 373 377 378 380 381 382 383 386 388 389 390 391 429 430 437 448 449 450 453 464 466 469 471 476 480 481 486 489 491 494 496 503 504 508 512 513 518 528 537 546 548 570 576 585 586 589 600 602 605 607 609 612 613 614 617 628 629 630 641 646 652 657 662 666 670 697 699 702 715 716 729 730 731 732 737

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28032 28051 28056 28057 28058 28060 28062 28063 28068 28070 28072 28073 28074 28077 28078 28079 28080 28087 28096 28098 28102 28105 28106 28107 28108 28110 28130 28131 28132 28136 28141 28145 28147 28148 28149 28152 28153 28154 28156 28168 28169 28170 28171 28172 28173 28174 28175 28176 28177 28178 28185 28186 28187 28198 28199 28202 28205 28210 28215 28216 28217 28221 28222 28223 28224 28225 28226 28229 28232 28235 28240 28241 28242 28243 28245 28246 28247 28252 28256 28267 28269 28272 28273 28275 28280 28281 28282 28283 28284 28286 28292 28293 28295 28300 28304 28309 28310 28312 28315 28319 28320 28321 28334 28369 28390 28403 28406 28414 28418 28420 28423 28425 28426 28432 28433 28434 28438 28440 28450 28451 28465 28469 28471 28472 28474 28478 28484 28489 28490 28491 28492 28495 28496 28497 28499 28502 28512 28513 28531 28532 28534 28536 28537 28538 28539 28540 28547 28563 28564 28568 28582 28602 28604 28608 28614 28632 28633 28643 28644

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29271 29272 29280 29282 29283 29287 29288 29289 29294 29296 29339 29341 29344 29345 29346 29347 29355 29356 29364 29365 29366 29367 29375 29378 29388 29389 29390 29392 29394 29395 29402 29410 29428 29430 29440 29454 29468 29471 29473 29475 29476 29477 29478 29479 29488 29489 29498 29505 29509 29510 29517 29518 29519 29533 29534 29535 29536 29539 29540 29552 29553 29554 29561 29563 29573 29574 29576 29578 29581 29607 29610 29612 29615 29618 29619 29622 29623 29624 29625 29631 29637 29638 29640 29651 29656 29657 29659 29660 29669 29670 29681 29682 29689 29690 29691 29692 29693 29694 29696 29771 29773 29774 29775 29776 29777 29783 29784 29785 29786 29787 29788 29791 29795 29797 29798 29799 29800 29807 29808 29809 29813 29815 29819 29822 29842 29847 29854 29862 29863 29868 29870 29873 29878 29883 29890 29892 29893 29907 29916 29919 29927 29928 29929 29933 29934 29935 29936 29937 29938 29939 29941 29944 29946 29949 29950 29951 29955 29959

BONDS IN FULLY REGISTERED FORM WITHOUT COUPONS AND/OR THE RESPECTIVE PORTIONS OF THE PRINCIPAL THEREOF:

AV20 $2,000 out of $5,000 principal amount AX15 $10,000 AX16 $10,000 AX17 $10,000 AX18 $10,000 AX26 $10,000 AX27 $10,000 AX28 $10,000

On July 1, 1943 the above described Unified Mortgage 3½% Bonds with Extension Agreements of Series A attached in coupon form in the denomination of $1,000. each, the Unified Mortgage 3½% Bonds with Extension Agreements of Series A attached in fully registered form without coupons, and/or the portions thereof which have been called for redemption, will become due and payable at 102% of the principal amount thereof and accrued interest on such principal amount to the date of redemption at the office of the undersigned, Room 900, 71 Broadway, New York City, and interest on said bonds and/or said portions of fully registered bonds so called for redemption will cease to accrue from and after said date. Said Unified Mortgage 3½% Bonds with Extension Agreements of Series A attached in coupon form should be presented for redemption and payment at said office of the undersigned on July 1, 1943, accompanied by the interest coupons maturing January 1, 1944 and all subsequent coupons. The coupons due July 1, 1943 appurtenant to said Unified Mortgage 3½% Bonds with Extension Agreements of Series A attached called for redemption should be presented for collection in the usual manner. The Unified Mortgage 3½% Bonds with Extension Agreements of Series A attached in fully registered form and/or the portions thereof which have been called for redemption should be presented in negotiable form and the holders thereof will receive a new bond and/or bonds, with Extension Agreements of Series A due January 1, 1950 attached in fully registered form or at the option of the holder in coupon form, for that portion of the registered bond not called for redemption.

Dated, May 14th, 1943.

LOUISVILLE AND NASHVILLE RAILROAD COMPANY

By W. J. McDonald, *Vice President*

The Future Of The Gold Standard

In an authoritative article which appeared in the "Chronicle" April 1, bearing the above caption, Dr. Edwin Walter Kemmerer, Professor of International Finance in Princeton University, discussed the post-war monetary situation and expressed the conviction that the doctrines of the gold-standard school would prevail and we would be spared the chaos that would ensue if each country adopted its own nationalistic paper-money standard. The "Chronicle" invited comments from its readers regarding the views expressed by Dr. Kemmerer, and some of the letters received were given in our issues of April 8, 15, 22 and 29. Additional ones are given herewith:

S. C. ALLYN

President, The National Cash Register Company

I have read with interest Dr. Kemmerer's article and certainly agree with his basic theory that the gold standard will take precedence over managed paper money.

CHARLES I. STEWART

Berwyn T. Moore & Co., Lexington, Ky.

Doctor Kemmerer's article, on April 1 on The Future of The Gold Standard is most interesting because it discusses one of the most important and one of the most difficult problems that will confront the post-war world, and also because of the recognized standing of the author as a monetary expert.

Perhaps a rank amateur may be permitted to offer some observations on some phases of the problem that seem to him obvious, which Doctor Kemmerer does not emphasize.

The real value of a dollar or any monetary unit is not the gold or other metal it may represent, but in the useful commodities and service it will purchase. We have seen our historic, pre-devaluation gold dollar fluctuate by this standard from the high commodity price level of May, 1920, to the low of 1932. We have seen the old coin gold standard fail in every period of great crisis every nation that has tried it. Some economists believe that the artificial measures resorted to to restore an unstable gold standard in several countries in the '20s amounted to a prime factor in the collosal collapse of the '30s.

Obviousy, each nation requires a monetary system providing a currency of uniform value throughout its area. We would have internal chaos if our currency were local rather than national, if it were necessary to maintain an exchange market to establish the relative value of 48 different currencies. The demand for a uniform international currency has not yet been so acute. However, in the One World reasonably sure to follow the war, it will be much greater than ever before.

The great need will be for a monetary system that will stabilize relative commodity values to a reasonable extent on a world-wide basis. With fair allowance for transportation costs on commodities exchanged, a bushel of wheat should have as much purchasing power in the Dakotas as in the State of New York. Why, then, should not a bushel of wheat have substantially the same value in other commodities in Argentine, Canada, Kansas, the Ukraine, France, China or India?

When we undertake the task of establishing an equitable world monetary system we cannot afford to ignore the sort of inequality in the purchasing power of money that enables a private soldier in India to indulge in the luxury of a personal valet. The chief purpose of international monetary reform should be to promote fair compensation to the producers of the basic commodities in all parts of the world, rather than to enable the financially sophisticated regions to exploit the less developed parts of the world.

It is the opinion of this amateur that the first step to this end must be to rule entirely out of consideration a coin standard of gold or any other metal.

Certain basic commodities constitute the economic foundation of all civilized society. No country approaches self-sufficiency in all of them. They are widely distributed. We have arrived at a period in our social, political and industrial evolution that demands an equitable exchange of these commodities, as the foundation of peace. The abandonment of political imperialism will mean little if we maintain a financial system designed to promote economic exploitation.

It should be practicable to establish an index of the relative values of these commodities on a world scale, with the currency unit tied to this index. These basic commodities include gold and silver. The function of the precious metals in such a system would be to provide the commodity in which trade balances among nations would be adjusted.

NYSE Short Interest Higher On April 30

The New York Stock Exchange announced on May 11 that the short interest existing as of the close of business on the April 30 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 882,376 shares, compared with 774,871 shares on March 31, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the April 30 settlement date, the total short interest in all odd-lot dealers' accounts was 35,864 shares, compared with 36,660 shares, on March 31.

The Exchange's announcement added:

"Of the 1,236 individual stock issues listed on the Exchange on April 30, there were 54 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of April 30, exclusive of odd-lot dealers' short positions, was 607 compared with 594 on March 31."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1941—	
April 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
April 30	530,636
May 29	534,396
June 30	514,158
July 31	*517,422
Aug. 31	532,867
Sept. 30	548,365
Oct. 30	558,446
Nov. 30	551,053
Dec. 31	501,833
1943—	
Jan. 29	579,394
Feb. 26	663,750
Mar. 31	774,871
April 30	882,376

*Revised.

REDEMPTION NOTICE
To the Holders of
LOUISVILLE AND NASHVILLE RAILROAD COMPANY
Unified Mortgage 4% Bonds with Extension Agreements of Series B due January 1, 1960 attached

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Supplemental Indenture dated January 1, 1940 between Louisville and Nashville Railroad Company and Central Hanover Bank and Trust Company, as Trustee, supplemental to Unified Mortgage dated June 2, 1890 from Louisville and Nashville Railroad Company to Central Trust Company of New York, as Trustee, the undersigned has elected to redeem out of unexpended Sinking Fund monies on deposit with the Sinking Fund Agent and does hereby call for redemption and payment on July 1, 1943, $154,000. principal amount of bonds as indicated below at 105% of the principal amount thereof and accrued interest on the principal amount to the date of redemption. The serial numbers of the bonds to be redeemed have been selected by Central Hanover Bank and Trust Company as Sinking Fund Agent, and are numbered as follows:

Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in coupon form in the denomination of $1,000 each, all prefixed with the letter B

166 508 634 792 831 862 908 1020 1166 1474
2099 2204 2305 2426 2435 2547 2573 2649 2859 3316
3420 3521 3661 4003 4223 4224 4283 4392 4608 4703
4791 5186 5230 5765 5767 5824 6045 6047 6090 6110
6255 6494 6955 7209 7217 7301 7656 7708 7780 7876
8097 8143 8373 8600 8621 8627 9050 9082 9110 9239
9249 9493 9528 9591 9627 10323 10381 10572 10630 10673
10872 11064 11134 11608 11613 11621 11624 11650 11747 12250
12272 12297 12622 12721 12981 14085 14135 14282 14434 14637
14811 14863 14998 15391 16205 17134 17263 17270 17354 17829
17963 18063 19111 19252 19900 19913 20375 20402 20681 20824
20843 21007 21081 21386 21495 21529 21638 21888 22039 22479
22494 22562 22565 22899 22909 23046 23312 23843 23896 23930
24102 24170 24229 24711 24807 24816 24969 25098

Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in fully registered form without coupons and/or the respective portions of the principal thereof:

BM 7 $1,000
BM 8 $1,000
BM137 $1,000
BM654 $1,000
BM655 $1,000
BM669 $1,000
BX38 $10,000

On July 1, 1943 the above described Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in coupon form in the denomination of $1,000 each, the Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in fully registered form without coupons and/or the portions thereof which have been called for redemption, will become due and payable at 105% of the principal amount thereof and accrued interest on such principal amount to the date of redemption at the office of the undersigned, Room 900, 71 Broadway, New York City, and interest on said Bonds and/or said portions of fully registered Bonds so called for redemption will cease to accrue from and after said date. Said Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in coupon form should be presented for redemption and payment at said office of the undersigned on July 1, 1943 accompanied by the interest coupons maturing January 1, 1944 and all subsequent coupons. The coupons due July 1, 1943 appurtenant to said Unified Mortgage 4% Bonds with Extension Agreements of Series B attached called for redemption should be presented for collection in the usual manner. The Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in fully registered form and/or the portions thereof which have been called for redemption should be presented in negotiable form and the holders thereof will receive a new bond and/or bonds with Extension Agreements of Series B due January 1, 1960, attached in fully registered form or at the option of the holder in coupon form, for that portion of the registered Bond not called for redemption.

LOUISVILLE AND NASHVILLE RAILROAD COMPANY
By: W. J. McDonald, Vice-President

DATED: May 12th, 1943.

$3,500,000
(Part of a Proposed Issue of not exceeding $10,760,000)

Baltimore and Ohio Railroad
Equipment Trust, Series M

3% Equipment Trust Certificates
(PHILADELPHIA PLAN)

To be due semi-annually $175,000 on each November 1 and May 1, from November 1, 1943 to May 1, 1953, inclusive.

To be guaranteed unconditionally as to principal and dividends by endorsement by The Baltimore and Ohio Railroad Company.

These Certificates are to be issued pursuant to an Agreement and Lease dated as of May 1, 1943 which permits the issuance from time to time to and including April 1, 1944 of an aggregate principal amount of not exceeding $10,760,000 par amount of Equipment Trust Certificates. If the $10,760,000 Equipment Trust Certificates shall all be issued, new standard-gauge rolling stock estimated to cost not less than $10,760,000 is now contemplated to be subjected to the terms of said Agreement and Lease.

MATURITIES AND YIELDS

November	1943	0.875%	May	1947	2.25%	May	1950	2.80%
May	1944	1.25	November	1947	2.35	November	1950	2.85
November	1944	1.50	May	1948	2.45	May	1951	2.90
May	1945	1.75	November	1948	2.55	November	1951	2.95
November	1945	1.875	May	1949	2.65	May	1952	3.00
May	1946	2.00	November	1949	2.75	November	1952	3.00
November	1946	2.125				May	1953	3.00

Issuance and sale of these Certificates are subject to approval by the Interstate Commerce Commission. The Offering Circular may be obtained in any State in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

HALSEY, STUART & CO. INC.

HALLGARTEN & CO.
OTIS & CO. (INCORPORATED)
A. C. ALLYN AND COMPANY INCORPORATED
E. H. ROLLINS & SONS INCORPORATED
GREGORY & SON INCORPORATED
THE MILWAUKEE COMPANY
SCHWABACHER & CO.
DEMPSEY-DETMER & CO.
FIRST OF MICHIGAN CORPORATION
HIRSCH, LILIENTHAL & CO.
SILLS, TROXELL & MINTON INCORPORATED
STIFEL, NICOLAUS & COMPANY INCORPORATED
KEBBON, McCORMICK & CO.
SINGER, DEANE & SCRIBNER
STIX & CO.
F. S. YANTIS & CO. INCORPORATED

To be dated May 1, 1943. Principal and semi-annual dividends (November 1 and May 1) payable in New York City and Philadelphia. Definitive Certificates in coupon form in the denomination of $1,000, registerable as to principal. Not redeemable prior to maturity. These Certificates are offered for delivery when, as and if received by us. It is expected that Certificates in definitive form will be ready for delivery in New York City on or about June 1, 1943. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

May 20, 1943.

Securities Laws Should Be Changed Now To Remove Unnecessary Hindrances

Schram Declares Securities Industry Should Have All Freedom Consistent With Public Interest

Emil Schram, President of the New York Stock Exchange, recently observed that since the principles of regulation have been accepted in financial quarters and elsewhere, "there is no reason why the details of these laws should not be changed to remove unnecessary hindrances and irritations and give the securities industry the greatest possible freedom consistent with the public interest."

Addressing a luncheon meeting of the Atlanta (Ga.) Rotary Club, Mr. Schram explained, however, that in making amendments "we must not think of breaking down the bars against the evils and abuses which formerly existed." The manipulative system, he added, "has been eliminated only at a great cost, and the price paid must not be in vain." At the same he said:

Emil Schram

"We can refine the details of stock exchange regulation, and we can refine, and even redefine, other economic controls; but we must not permit a popular reaction to lead to a repetition of the mistakes of the '20s. If we do, the experiences of the '30s will recur.

"The aims of the securities legislation of the early '30s were thoroughly sound. Briefly, they were to end manipulation and provide dependable information to the investor. The investor was to be protected against sharp practices. Let us keep in mind, however, that Congress had no *intention of discouraging the investor from taking legitimate business risks.*

"*Furthermore,* I am confident that the committees which prepared the original securities legislation would have expected that the first laws would have to be amended after they had been tried out in action. . . .

"Naturally, there were years of mutual hostility and distrust between Washington and Wall Street. That was inevitable, especially in an era of revolutionary reform in which the laissez-faire system was being altered in America and all over the world.

"It seems to me, however, that this period of mutual suspicion and senseless bickering between the nation's financial center and its political capital now is coming to an end. The adjustment in Wall Street is quite complete.

"Our capital markets have a highly important part to play in advancing the system of private enterprise. They must facilitate the gathering and servicing of the risk capital necessary to rebuild a better world in which abundance shall be counted a blessing, scarcity a curse, stagnation a sin, and enterprise a virtue. We must again reward the venturesome and cease to encourage those who would bury their talents in a vain quest for unfruitful security.

"How can the New York Stock Exchange, and the other registered exchanges, best function to make this contribution to the machinery of organized society?

"In two ways. First, as efficiently operated markets for securities of our corporate enterprises; and second, as leaders in sound, modern financial statesmanship.

"As a market, we are providing a meeting place for buyers and sellers of stocks and corporate bonds which have a current auction market appraisal of more than $60,000,000,000. This is the market value placed upon these securities by the investment public. This represents a large part of the wealth of America. There is hardly a family in the United States which does not own, directly or indirectly, some of the securities for which the New York Stock Exchange provides a free and open market.

"The social responsibility involved in maintaining this market makes the New York Stock Exchange nothing short of a great service institution.

"This auction market is the hub and center of a vast organization. For the convenience of those who use it, its member firms maintain branches in 313 cities in 45 States. The floor of the New York Stock Exchange is only minutes away from any telephone or telegraph instrument in the land.

"On the floor of the Exchange, through highly trained, responsible and ethical brokers, any investor can buy or sell any listed security. There are traded the highest-grade bonds and stocks, the most speculative, and all grades in between these two extremes.

"The merchandise is clearly marked and carefully catalogued. Information regarding it is readily and conveniently available to everyone. Moreover, the various member houses of the New York Stock Exchange, maintain, at great expense, staffs of experts experienced in advising clients regarding the nature and quality of listed securities.

"These experts have at their finger-tips a mass of financial and general information as to the investment equity, the fundamental merit and the risks involved in buying or holding almost any type of security. Of course, their judgment is not infallible, and no one can tell just how any risk will come out; but there is no market in the world where all the facts about the available merchandise are more readily or more quickly available than in this one.

"Neither the New York Stock Exchange, nor any other exchange, can or does guarantee an investor against loss; but it can, and does, make the nature of the speculative risk an open book in so far as that is possible.

"As a market we have always done a good job, but we have never before been able to do as good a job as we are doing now. . . .

"I am going to digress a moment and discuss a vital function of our market which of late has been neglected. There was a time when corporations habitually and importantly financed through the sale of stocks rather than through the sale of bonds. Shareholders received subscription rights, which they could either exercise or sell. In other cases buyers of equities, floated publicly off the exchanges, were informed the issues would be listed on an exchange where ready markets would be available to those desirous of selling or of subsequently purchasing. It was healthy financing, and in the public interest. We should endeavor to stimulate its revival, especially in the post-war period.

"This is of the greatest importance to our system of free enterprise. For if private investors do not provide risk capital either society will not progress materially or the Government will supply the risk capital. And, if the Government supplies the risk capital and thereby becomes the great entrepreneur, or risk-taker, the private incentive to assume great risks in hope of great gains gradually dies—and the State finally becomes socialistic rather than capitalistic.

"One reason this war is costing the Government more than the first World War is, of course, that the Government has been doing most of our corporate financing. In the last war, corporations to a much larger extent financed themselves. At the end of this war, the Government is going to own a great deal more bricks and mortar and machinery than it ever has owned before. To the extent that this new war plant is unfit for a civilian economy, this is not a good thing for the Government and the people. Furthermore, this new war plant, unless it passes quickly into private hands, is a further threat to our enterprise economy.

"And so I say that our capital markets are about to enter upon a period of great usefulness and unlimited opportunity."

'42 Corporate Sales Up; Net After Taxes Down; Current Position Deteriorates: Conference Board

Although corporate sales in the manufacturing and mining fields in 1942 were substantially larger than in 1941 and more than double those of the pre-war year, 1939, net earnings after all charges were well below 1941 and only moderately above 1939, according to data prepared by the Division of Industrial Economics of the National Industrial Conference Board, and made available May 11.

Net current assets at the end of 1942 were higher than in either the previous year or in 1939, but the ratio of total current assets to total current liabilities was lower than at the end of 1941 and very much lower than at the end of 1939.

The Board's figures covering 495 industrial corporations show net sales last year at $37,854,000,000 against $30,700,000,000 in 1941, a gain of 23%, and against $18,037,000,000 in 1939, a gain of 110%. Net after all charges is shown at $1,972,000,000 against $2,356,000,000 in 1941, a decline of 16%, and against $1,636,000,000 in 1939, a gain of 21%.

The Conference Board's announcement further explained:

"Net current assets at the end of 1942, compiled by the Board, for 459 manufacturing corporations stood at $9,213,000,000 against $8,136,000,000 a year earlier and $7,131,000,000 at the end of 1939. However, due to substantial increases in both current assets and current liabilities the current ratio fell from 5.2 in 1939 to 2.7 in 1941 and to 2.4 in 1942.

"Although affecting all groups, the expansion in sales was most pronounced among durable war goods industries, particularly transportation equipment and machinery. The 15 aircraft companies held the top of the range with a gain of 167% over 1941, and the railroad equipment group increased sales by 116%. Sales were 31% higher for 254 durable goods concerns than in 1941, and corresponded closely to the actual increase in durable goods production as reported by the Federal Reserve Board. Non-durable goods industries showed increases ranging from less than 0.5% for paper manufactures, which have been restricted, to more than 20% for manufactured food products and textiles, and the non-durable goods group as a whole aggregated sales 14% above the dollar value of sales in 1941.

"The rise in total income, before reserves, of these same companies was less steep, as higher operating costs, conversion costs, higher prices of raw materials, higher wage rates, and overtime payments combined to cut deeper into the sales dollar. However, all industries except the two whose sales volume showed the smallest increases reported gains in taxable income. A total income of $6,400,000,000 remained after all expenses were paid, 14% more than in 1941 and 176% more than in 1939.

"Contingency, renegotiation, post-war reserves, and all reserves, and all reserves other than tax reserves were almost doubled in 1942. These funds were 10 times as large as in 1939, when very few income statements made specific provision for contingencies. The total of $398,000,000 last year, however, accounted for only a minor part, about 6%, of total income. Reserves set aside to meet the Federal tax bill, $3,913,000,000 in 1942, were fully 50% greater than in 1941 and more than 10 times the 1939 provision made by these same 495 companies.

"The 1942 tax provisions took an average of 60 cents out of each dollar of taxable income. Individual reserves ran as high as 77c in the automobile parts industry and 75c in the steel and iron group. Aircraft, machinery, and railroad equipment concerns also reported reserves 70% or more of total income, whereas in 1941 the highest percentage was set aside by aircraft corporations, at 65% of total income. Among the non-durable goods producers, tax provisions have taken a relatively small proportion of earnings in each of the last four years. Textile manufacturers reserved about 68c of each dollar of total income in 1942, but the average provision made by the 205 non-durable goods companies was 53c, as compared with the average of 67c allocated by durable goods companies.

"An increase of 63% in total income of the aircraft industry was reduced to only 3% after taxes. Another war industry, railroad equipment, earned 112% more, before taxes, in 1942 than in 1941, but net income available for dividends rose less than 0.5% to $53,200,000 from $53,100,000 in 1941. These were the only two manufacturing industries to report any increase in after-tax income.

"Thirty-seven steel companies, representing $5,300,000,000 in total assets, the largest industry group, reported a decline of 32% in net income after taxes last year, in spite of increases of 21% and 14%, respectively, in sales and total income.

"The largest decrease in net income was suffered by the paper industry whose 1942 sales were almost unchanged from 1941, and whose total income before reserves was down 9%. After reserving 56% of the total for taxes, instead of 41% in 1941, the after-tax figure fell 34%. In comparison with 1939, however, net income had gain 52%.

"For the 36 mining companies tabulated, tax reserves averaged only about 47% of gross income. The gain of 8% in gross income in 1942 was changed to a decline of 6% after taxes, a more moderate movement than among the manufacturing groups. Coal-mining companies showed an increase in net income whereas metal-mining and smelting concerns followed the general downward trend."

Weston Hill Forms Own Advertising Agency

Weston Hill, well-known for many years as a copy writer and creative executive for Ruthrauff and Ryan, Blackett-Sample-Hummert and H. W. Kastor & Sons, has announced the opening of his own agency, Hill Advertising, Inc., with offices at 250 Park Avenue, New York. A branch office will be opened soon in Chicago.

Weston Hill

Mr. Hill recently inserted in advertising trade papers a full-page advertisement, **A New Kind of Advertising Agency Is in the Making,** outlining his proposed policies. New products and processes will be emphasized in the plans of the new agency, Mr. Hill stated.

Staff personnel, accounts and other similar data will be made public in forthcoming announcements.

(Editor's Note: The above report was previously given in our issue of May 13 but, owing to a mechanical error, the complete import of the item was not immediately apparent. For this reason, it is being carried again in this issue.)

NY Finance Institute Course In Electronics

In view of the increased interest in and attention being given to electronics, the New York Institute of Finance, 20 Broad Street, New York City, announces a series of lectures by men outstanding in the field. These lectures will be given on Mondays at 3:45 p.m. in the governing room of the New York Stock Exchange, 11 Wall Street, New York City. Fee for the course is five dollars.

Lectures to be given are:

May 24—"Chemistry and Electronics," Dr. Willard F. Libby, University of California.

June 7—"Radio—FM and Television," Dr. David Grimes, Philco Corporation.

June 14 — "Electronics as Applied to Industry," A. C. Montieth, Westinghouse Electric & Manufacturing Co.

June 21—"Advance and Future Thinking," Dr. W. R. G. Baker, General Electric Co.

Thanks To Newspapers For Success Of War Loan Drive

Secretary of the Treasury Morgenthau made public on May 3, the following message he has addressed to the newspapers of America in connection with the $13,000,000,000 Second War Loan:

"The Second War Loan drive has ended. The final tabulations have not been made, but it is evident that the goal has been exceeded by a substantial amount—more than $4,000,000,000.

"Our thanks are due to many people—workers, advertisers, advertising media, retailers, theaters —all who devoted themselves so wholeheartedly to this vital cause. I wish to express to the Allied Newspaper Council and to newspapers generally our sincere gratitude for the part they played. The support they gave us in the handling of news, in compelling and imaginative features, and in the promotion of sponsored advertising was as invaluable as it was unparalleled in promotional history."

Over-The-Counter Sales As Principal

(Continued from page 1858)

constitutional right to contract freely may be impaired and even destroyed. This can be done gradually and be upon us before the true gravity of the situation is appreciated.

Such a condition now faces the over-the-counter dealers.

True, in the past, there has been some wild-catting in securities, and there was need of a standard of ethics in the securities field. Complete self-regulation and self-discipline would have been advisable and still is provided that with it go a concerted effort to completely abolish, or at least considerably limit the present powers of the existing regulatory agencies.

The idea behind the Securities and Exchange Act is salutary. However, the method of its enforcement, the setting up of "The Commission" and granting it a rule-making power which is equivalent to the power to legislate, may be the means through which not only security dealers, but also industry will suffer unwarranted and indefensible hardships.

The proposed SEC bid and ask disclosure rule which would compel dealers who sell as principals to the public to disclose the best bid and ask price (in reality to disclose the profit they would make) to their customers seems to us an unjustified assault upon American traditions and methods. In effect, it would appear to be an attempt on the part of the SEC to circumvent the intent of Congress by indirection. The further attempt to establish a so-called "reasonable profit," beyond which, fraud will be presumed, is contrary to the sound legal doctrine that in such transactions, in the absence of a fiduciary relationship, fraud will not be presumed.

We limit our observations to instances of transactions between the dealer as principal and the investor as customer or purchaser, i.e., where all confirmations evidencing transactions are clearly upon that basis, and that basis alone.

To those acting as brokers and investment counsel, a different rule may well apply. The question then is, when does a dealer also act as investment counsel? Does he so act when in the course of a sale as principal, he makes some observation about the soundness of a security, which is not acted upon? Does that mere observation constitute his position one of a fiduciary?

Do brokers and dealers approve of an agency which is investigator, prosecutor and judge, and possessed of the power to terminate their license to do business? Aren't the courts the proper forum to deal with a man's right to continue his livelihood?

The SEC takes the position that the relation of a securities dealer to his client is not that of an ordinary merchant to his customer. The claim is made that the provisions of the numerous state Blue Sky Laws governing the revocation of a license conferred upon the broker or a dealer, lend force and strong support to this contention.

Where and when a dealer sells as principal, we see no reason why the transaction is not the same as a sale between a merchant and a customer. In such instances, calling the customer a "client", in our opinion, does not change the result.

We take the position that the State Blue Sky Laws, when examined, will be found to deal with the subject of affirmative fraud and its prevention, and therefore, cannot be regarded as authority for an attempt to change the doctrine that fraud will not be implied in outright sales where the dealer occupies no fiduciary role. As to such sales, the rule of Caveat Emptor (Let the Buyer Beware) should apply. That doctrine, ancient in the law and well tried for thousands of years, requires no modification. It is basically sound, and its observation will prevent fraud on the part of disgruntled customers. It will place the obligation of vigilance where that obligation properly belongs.

We hold no brief for anyone indulging in fraudulent practices. The small percentage who have done this in the past are largely responsible for the cross which the industry now carries. There always has been, and still are, laws adequate to punish such practices and to give redress to the defrauded.

Transactions in securities are the life's blood of a nation. They must be kept liquid. Their impairment by so-called emergency regulations intended in the public interest, can serve to be the death-knell of liquidity.

The tendency on the part of dealers to regard the trial of one individual or of one firm, for alleged infraction, as something apart, which does not affect them, is one of the most dangerous influences threatening the industry. By means of such hearings and trials, harmful precedent has been, and will continue to be created. The "one for all and all for one" adage is important here.

Editor's Note—It will be recalled that Abraham M. Metz (165 Broadway, New York City) and Edward A. Kole (39 Broadway, New York City) represented the Stewart J. Lee Company in a case in which a client of the Lee company attempted to have a sale rescinded because of the size of the profit exacted. The court declined to uphold the SEC's contention that a large profit in itself was prima facie evidence of fraud or that quotations in the National Quotation Sheets were indicative of the market prices of securities. They are entitled to the thanks of all those in the securities field for the court's findings in this case.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1860)

to this lies in the ability of the market to foresee events rather than reflect news as it occurs.

* * *

Right now the market is trying to figure out two things. The first is the kind of taxes our legislative bodies will cook up. The second is the kind of world we can expect once all the shooting is over. As to the first a part of the answer may be given before this week is over. As to the second, there is as yet no answer. The people in charge of remaking the political and economic map of the world either don't know how to get what they want or are at daggers' ends with each other as to what each wants or expects. The loud yells about retaining the "American Way" are completely without meaning. Take ten people and you will get ten definitions of what the American Way means to them.

* * *

Currently there is a lot of showing off of various financial statements. I am not impressed. Time and again I have stated here that earnings are a record of the past and not a yardstick for the future. I know I'm sticking my neck out when I say this, but the only yardstick for the future worth a hoot is market action itself. As this is being written there are all kinds of stories around about war business cancellations. The interpretations involving such cancellations are a little amusing. It isn't so long ago that we heard that war orders were unprofitable and that everything else being even, most companies preferred to stick to established lines. Now that rumors of cancellations are being whispered about, which, if true, would give the companies the opportunity to get back into whatever production they were in before the war, the consensus of opinion is pessimistic. It all depends on what side of the street you are selling apples.

* * *

But to get back to the market. You well know that volume has fallen off and prices, after dawdling around, have rallied a bit. But the picture is so confused that neither the rally or the imminence of a break seem convincing.

* * *

From a cursory examination prices look about as high as they will get on the current move. But just a single day's action can change the entire picture again. One of the reasons is that there are too many Johnny-Come-Latelies who are looking for a spill. I'll admit that so far they are outnumbered by the bulls. But even that isn't a new condition. There are always more bulls than bears in the Street. The present crop of bears, however, has yet to taste its first run-in, and until it does it must remain not only an unknown quantity but a force which may prove explosive as well. A paragraph or so back I said that stocks are about as high as they will get on the present move. This doesn't take into account the current short position. An inexperienced short trader can easily add a couple of points to an up-move by his hasty and frightened covering. So while I see little reason to change my opinion of a few weeks back that new buying is now inadvisable I can also see the market add another two or three points before turning down again.

* * *

If you're agile enough you may make a little money out of such moves but the risks involved are entirely out of proportion. Instead I would suggest sitting tight and letting others scramble for them.

* * *

If that isn't to your liking then take a look at the rails—not to buy—to sell. Having just completed a 2,000-mile trip through the country I can tell you that despite the railroads' protestations of their difficulties they are building up a reservoir of ill-will that will take them years to overcome. I am not referring to the upset in timetables—west of the Alleghanies they simply don't exist—but to the attitude of railroad personnel. Their attitude of the public-be-damned doesn't augur any bright future for their passenger business. And if I were a shipper I'd remember many things all covered with the cloak of "war emergency" and guide myself accordingly.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Sidney Hook Now Is With Morgan & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Sidney B. Hook has become associated with Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Hook was formerly with Merrill Lynch, Pierce, Fenner & Beane in charge of the municipal department of their Los Angeles office. Prior thereto he was an officer of Banks, Huntley & Co.

L. L. Vivian Dead

Leslie L. Vivian, a partner in Merrill Lynch, Pierce, Fenner & Beane, New York City, died at the Muhlenberg Hospital, Plainfield, N. J., where he had been admitted for surgical treatment. Mr. Vivian had been in Wall Street since 1909, when he became associated with Kissell, Kinnicutt & Co. In 1921 he became a partner in Floyd-Jones, Vivian & Co. In 1933 he became a partner in Fenner, Beane & Ungerleider, a predecessor of Merrill Lynch, Pierce, Fenner & Beane.

This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

The Flintkote Company

$3,000,000

Fifteen Year 3% Debentures, due May 15, 1958

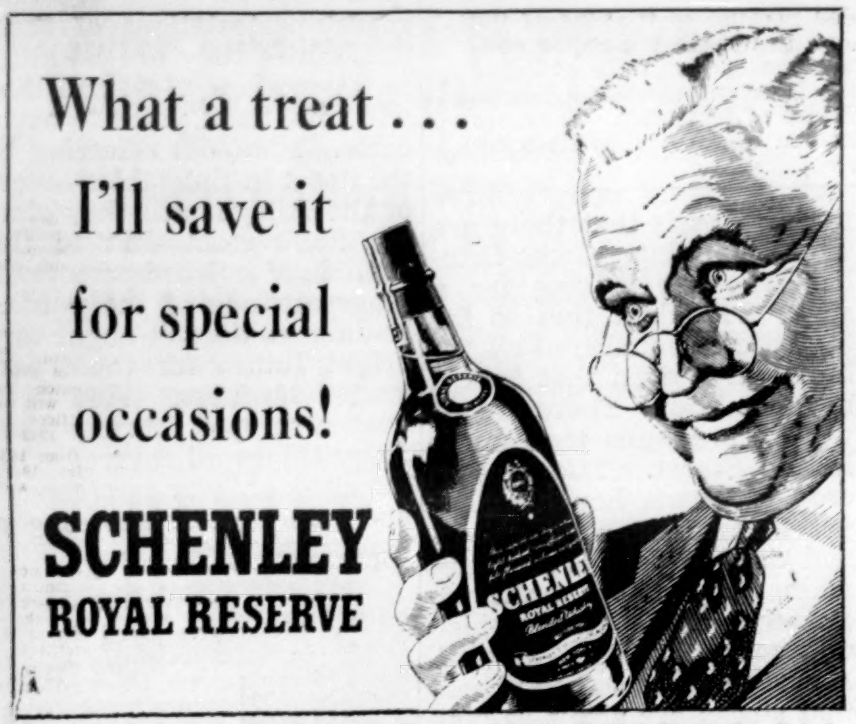
Dated May 15, 1943

Price 102% and accrued interest

Copies of the Prospectus may be obtained in any State from such of the several Underwriters, including the undersigned, as may lawfully offer the securities in such State.

LEHMAN BROTHERS

May 18, 1943.



60% grain neutral spirits. Blended whiskey, 86 proof. Schenley Distillers Corporation, N. Y. C.

Keynes Denies Stabilization Plan Drawn To Favor British At Expense Of United States

Synthesis Of British And American Plans Held Possible

Denying that the British (Keynes) post-war foreign exchange stabilization proposals had been drawn up principally in the interests of Great Britain, Lord Keynes, in addressing the House of Lords on May 18, stated that "Nothing is farther from our thoughts." He also declared, according to a wireless message from London to the New York "Times" that there was no foundation whatever for the belief held in some American quarters that the purpose of his proposals was to make the United States the "milch cow" of the world in general and of Great Britain in particular.

The further discussion of the plan before the British House was indicated as follows in the account in the "Times":

"He asserted, as did other speakers, that before a formal scheme could be decided upon, the other United Nations should be consulted. He declared, amid cheers, he had not the slightest doubt that a synthesis of the British and American plans was possible.

"He maintained that the best hope for the lasting success of a post-war international policy was exactly the contrary of making the United States a 'milch cow.' His own plan, he said, did not require that the United States or any other country put up a single dollar that it would prefer to employ in any other way.

" 'I cannot emphasize too strongly,' Lord Keynes added, 'that it is not the Red Cross or any philanthropic relief scheme whereby rich countries come to the rescue of poor countries.'

"He went on to say that there were only two contingencies that might lead the United States to accumulate large balances of his proposed international currency, 'bancor.' These he listed as failure to maintain employment at home or the collapse of the enterprise or initiative required to invest surplus resources abroad.

"Praising the United States proposals as being of great novelty and far-reaching importance, Lord Keynes said:

" 'Neither plan conceals selfish motives. The treasuries of our two great nations come before the world in these two papers in a common purpose with high hopes of a common plan.'

"Lord Simon, the Lord Chancellor, said the terrible evil of international trade chaos must be averted after the war. Unless some system of international control was devised now to stop the misuse of international exchange in the future, he thought, the evils that arose after World War I would arise again in a more exaggerated form.

"Lord Barnby thought there was a need for some overriding scheme of international monetary practice. He favored restricting the influence of gold without its complete demonetization.

"Lord Strabolgi commented that 'until you have set up an international political government, to attempt to establish an international economic government is putting the cart before the horse.'

"Suitable names for an international money were commented on during the discussion. Lord Keynes thought both 'bancor' and 'unitas' were 'rotten bad names.' Lord Simon suggested 'moneta,' reminding the Lords that the mint in ancient Rome was in the Temple of Juno Moneta."

West Indies Sugar Stock On Market

A banking group headed by Harriman Ripley & Co., Inc., on May 17 offered 395,178 shares of West Indies Sugar Corp. common stock at $15 a share. Blyth & Co., Inc., the Lee Higginson Corp., Lazard Freres & Co., G. H. Walker & Co., Wertheim & Co. and Farr & Co., participated in the offering. The distribution of the shares was effected the day of offering.

None of the proceeds will go into the company's treasury. Of the 395,178 shares offered, 325,000 shares are for the account of the City Co. of New York, in liquidation; 53,691 shares for the National City Bank and 16,487 shares for Avery Rockefeller and the National City Bank as trustees for the estate of Percy A. Rockefeller.

The registration statement filed with the Securities & Exchange Commission covered an additional 75,000 shares of stock owned by the National City Bank which will be offered later, but not before July 17 except by consent of the underwriters. The company has outstanding 951,208 shares of common stock ($1 par value) and 12,211 shares of $2.50 cumulative preferred stock. The funded debt was retired a year ago.

West Indies Sugar Corporation, organized in 1932 as a reorganization of the Cuban Dominican Sugar Corp. and certain of its subsidiaries, is a holding company owning securities of several companies producing raw sugar and molasses.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Francis Malenfant** has been added to the staff of **Raymond & Co.,** 148 Front Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**John Lee Middleton** has become associated with **White, Weld & Co.,** 111 Devonshire Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Robert Emmett O'Keeffe** is now with **Cruttenden & Co.,** 209 South La Salle Street. In the past Mr. O'Keeffe was with Fuller, Cruttenden & Co. and Morrill, Wilson & Co. Recently he has been engaged in special statistical work.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Emery Leland Iliff** has become affiliated with **Paul H. Davis & Co.,** 10 South La Salle Street. Mr. Iliff was previously for many years with Hornblower & Weeks.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Robert W. Jenkinson** has been added to the staff of **Dempsey-Detmer & Co.,** 135 South La Salle Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Thomas S. Koehler** has become connected with **Fred W. Fairman & Co.,** 208 South La Salle Street. In the past Mr. Koehler was with Bond & Goodwin, Inc. of Illinois in charge of trading.

(Special to The Financial Chronicle)

CINCINNATI, OHIO.—**Charles A. Hall** is now with **Merrill, Lynch, Pierce, Fenner & Beane,** Union Trust Co. Building. Mr. Hall was previously with the local office of J. S. Bache & Co., was with Taylor, Wilson & Co. and in the past was local manager for Caldwell & Co.

(Special to The Financial Chronicle)

LONG BEACH, CALIF.—**Albert D. Gauthier** is now with **Halbert, Hargrove & Co.,** First National Bank Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Gordon E. Buckhout, Roberta D. Morrison and Walter M. Wells** are now associated with **H. R. Baker & Co.,** Bank of America Building. Mr. Wells was previously with Geo H. Grant & Co. and Stephenson, Leydecker & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **George W. Blanchard** and **Clara Jones** have joined the staff of **Bingham, Walter & Hurry,** 621 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Howard J. Davidson,** formerly with Crowell, Weedon & Co., has become connected with **Fewel, Marache & Co.,** 453 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Godfrey T. Schmidt, Jr.** has been added to the staff of **E. F. Hutton & Co.,** 523 West Sixth Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Ernest Off** is now with **Revel Miller & Co.,** 650 South Spring Street.

(Special to The Financial Chronicle)

PORTLAND, MAINE—**John J. King** has joined the staff of **C. W. Leonard & Co.,** Masonic Building.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—**Elmer R. Spencer,** formerly local manager for Wm. R. Staats Co., is now associated with **Blyth & Co., Inc.,** 625 Broadway.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Robert E. Morton,** formerly with Davis, Skaggs & Co., has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane,** 221 Montgomery Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**James D. McDonald** has become affiliated with **Dean Witter & Co.,** 45 Montgomery Street. Mr. McDonald was previously with Bacon & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF — **Michael Aquino,** formerly with Davis, Skaggs & Co., has joined the staff of **Wulff, Hansen & Co.,** Russ Building.

(Special to The Financial Chronicle)

SANTA CRUZ, CALIF.—**William A. Williams** has been added to the staff of **Richey & Baikie,** 60 Pacific Avenue.

International Cooperation; Increased Trade Foundations For Lasting Peace, Says F. B. Sayre

Urges Extension of Trade Pacts as Proof of America's Future Intentions

Stating that the vote on Congress on the bill for the extension of the trade agreements "will be regarded by other nations as the acid test of America's future intentions," Francis B. Sayre, Special Assistant to the Secretary of State, in an address on May 17 at the World Trade luncheon held at the Hotel Astor, New York City, in connection with National Foreign Trade Week, asserted that:

"If we move in the direction of economic isolation other nations closely watching us today will be forced to move accordingly in a desperate effort to get along without our help. In that event there can be no other outcome but increasing economic struggle and growing bitterness, lowered national standards of living, increasing expenditures for armament and eventually a Third World War. One thing is sure. It is utterly impossible, and will always be impossible, to build international cooperation upon economic isolation."

In his remarks regarding the bill before Congress to extend for another three-year period the President's authority to negotiate reciprocal trade agreements with foreign countries under the Act of 1934, Mr. Sayre described this as "the first great American referendum on the economic foundations of the peace, and is therefore of critical importance." He added:

"The Congressional debates are being followed with intense interest by all of the United Nations. The result will indicate, and in large measure will determine, the commercial policy which the United States will follow in the years after the war; and what we do will to a large extent determine what other countries find it possible to do so. If the people of the United States really desire a more humane world and a more abundant economic life after the war, this is the time to act. . . .

"If nations are to live together in peace they must closely cooperate in the fundamental business of making their populations secure against freedom from want. To this end collaboration in trade is an absolute essential. The solution of some of our most vital domestic issues hang upon national and international trade. Upon trade hang problems of production and employment, the price of crops, the chance to get a job, the means of paying off the mortgage. Peace cannot be made lasting except as it is built upon close collaboration in the field of international trade. . . .

"No great industrial nation is today, or can possibly be in the future, economically independent. The attempt by any nation to achieve economic isolation leads to poverty and unemployment, both for its own people and all others within reason of its influence.

"Trade constitutes the veritable lifeblood of nations in this interdependent world. Industrial nations, by selling processed products abroad in exchange for foodstuffs and raw materials, have made possible the support of vastly increased populations. The population of Europe, which in 1650 was 100,000,000, increased to 140,000,000 in 1750, 266,000,000 in 1850 and 519,000,000 in 1933. Through foreign trade alone can modern industrial nations procure necessary food for their peoples, raw materials to keep their factories in operation, or the manifold goods which make present-day civilizaton and culture possible. Through foreign trade alone can they obtain large enough markets to keep their specialized industries going."

Mr. Sayre warned that if the United States moves in the direction of economic isolation other nations will be forced to move accordingly, adding "in that even there can be no other outcome but increasing economic struggle and growing bitterness, lowered national standards of living, increasing expenditures for armament and eventually a Third World War." He also stated that to try to build international cooperation upon economic isolation "is utterly impossible, and will always be impossible."

Sgt. C. A. Levine in NYC

Sergeant Carl A. Levine, member of the Boston Traders Association, is in New York City on a brief visit. Sergeant Levine is with the 1000th Technical School Squadron, at Tomah, Wisc.

Lehman Bros. Offers Flintkote Co. Bonds

A banking group, headed by Lehman Brothers offered May 18 a new issue of $3,000,000 Flintkote Co. 15-year 3% debentures, priced at 102. This issue will constitute the only funded debt of the company, which is engaged principally in the production of building materials, paper board products and industrial, marine and railroad products. Proceeds of this financing will be used for general corporate purposes.

The issue will be callable in whole or in part on 30 days' notice at prices ranging from 104½ to and including May 14, 1944, and thereafter at prices decreasing progressively to 100 on and after May 15, 1957. In addition, the sinking fund is to retire $100,000 principal amount annually from 1945 to 1957, inclusive, at prices ranging from 102 in 1945 to 100⅜ in 1957.

The company reports 1942 net income of $1,727,154, compared with $1,737,661 in 1941 and $1,436,550 in 1940. It has outstanding 38,367 shares of $4.50 cumulative preferred stock and 713,706 shares of no-par common stock.

Can The United States Support A 300 Billion-Dollar Debt?

(Continued from page 1862)

I mean not Federal debt alone but state, municipal, corporate and private debt as well—you will see that the dollar has declined in purchasing power as the debt increased. There were fluctuations in the movement during this period but over the long term the trend was up for debt and down for the dollar.

My conclusion is that the purchasing power of money declines in more or less direct ratio to the accumulation of debt. That is a law of economics, as immutable as the law of gravitation. Attempts to thwart it may retard the effect for a time but the impact is bound to be all the more severe because of the delay.

My reasons for reaching this conclusion are difficult to put in simple language, or in any language for that matter, but I think it might be explained in this way:

The national income is the sum total of goods and services produced and consumed. Take notice that I use the word **consumed** as well as **produced** because production alone is not income. It must be purchased and consumed as otherwise a surplus of production would accumulate and lower production by a corresponding amount which in turn would lower the national income.

Now we are accustomed to think of our national income not as goods and services but as dollars which is the unit of measure for things of monetary value. If the dollar were a fixed unit of measure like the yardstick or the inch and if our income, as measured by that fixed unit, were 100 billion dollars and if the 100 billion dollars had to be consumed in order to keep the national income at a constant level, where is there any margin left for the payment of debt or interest thereon?

The answer is that there would be no margin if the dollar were really a fixed unit of measure. The dollar must be "stretchable" by an amount representing the sum required for debt service.

Imagine a new **Utopia** beginning with no debt whatsoever and a national income of—let us say $100,000 to keep the figures small. Then this new Utopia assumes a debt of—let us say $400,000 (government, corporate and private debt included) requiring interest and amortization of $20,000 annually. This sum would provide average interest of 3% per annum and amortization of 2% per annum so as to pay off the debt in half a century.

In order to obtain that extra $20,000 in money with which to meet the debt service, the $100,000 by which the national income was measured must be stretched to $120,000 but the larger sum would have no greater purchasing power. The dollar would simply be worth 20% less in purchasing power.

The reason for this, I think, is that debt represents money created by artificial means and while it may bear some relation to production and consumption of goods, it is not controlled by production of goods and can be expanded to a height out of all relation to production. It can also be supported at almost any height so long as the monetary unit remains "stretchable."

Economists of the past have advocated a debtless society as a means of curbing this evil but their ideas along that line have never met with any measure of popular approval. Personally I think it would take all the speculation and most of the fun out of business. Nevertheless, a debtless society is the only society in which a fixed unit of monetary value could be established.

In our present estimated annual income of One Hundred Billion Dollars there is obviously a great deal of stretching for debt service but the real stretching will not come until we reach the end of borrowing and settle down to pay our debts. Then and only then the full effect of this huge accumulation of debt in recent years will be felt and I think any attempt to guess at the minimum level of purchasing power which the dollar may reach would be ridiculous.

It will come to pass without legislation to spur it on and I might add that it will come to pass in spite of legislation designed to prevent it. Price controls are worth while in that they prevent unscrupulous merchants from realizing exorbitant profits for the time being but any attempt to fix the purchasing power of the dollar at any given level through price ceilings is a great deal like trying to sweep back the tide with a broom.

A business associate of mine looked over my shoulder while I was writing this and suggested that I should not write it at all in view of the fact that a new Victory Bond Drive is coming along a few weeks hence.

I do not agree with that. Since we have to have this "old debbil debt" on our shoulders for the next generation or more, we ought to study and try to understand him.

I think the American people are patriotic enough to buy bonds even though they realize that the bonds may be paid off in future years with a dollar of lesser purchasing power and that, I might add, will not necessarily be a dishonest dollar unless we are foolish enough to try experimental legislation that will make it dishonest.

AN ANONYMOUS NEW HAMPSHIRE BANKER

Every thinking man of practical experience should be able to say "Amen" to the arguments presented by Dr. Saxon. I might raise one question of doubt as to the suggestion for a State lottery—not for moral reasons particularly, but because observation seems to indicate that in actual experience they are apt to prove an evil rather than otherwise.

His thesis properly accents the basic need for honesty and courage in facing our fiscal future as a nation. That is an axiom, but on that requisite I fear our future holds little hope.

This country started as a Republic, with checks and balances carefully designed to protect it from demagogic manipulation of the unthinking mass of the electorate. It is now formally almost a pure Democracy and actually practically a dictatorship. Ten years of a Chief Executive who is admittedly not a good executive—who is a master of demagogic appeal—lacking in personal or political integrity—and who has constantly stirred up for political ends the worst sort of class dissention—these make the return to the stern virtues of Coolidge seem unlikely. Compare the Boston police strike and its handling in peace time with the weasel-worded attitude of the Administration toward the arch-traitor John L. Lewis in time of war!

The gospel of Rights and Freedoms as opposed to Duties and Responsibilities has been preached by a master of political language for so long that but few of us remember the time when Thrift and Self-Denial were virtues. What chance of selling the majority of the electorate the doctrine of self-denial now? The homely virtues have little appeal as compared to promises of Cradle-to-Grave Security. The cynicism of Harry Hopkins, our American Rasputin, in the remark attributed to him: "The public is too damn dumb to understand," seems to sum up our situation.

As a simple, middle-class country banker, it seems to me that the Great American Experiment is well on its way toward the fate that history shows us is the end of all Democracies. For our children's sake I pray God that I am wrong!

CHARLES F. SPEARE
Consolidated News Features

The prospective size of the national debt is worrying a considerable section of the American business and financial world. It may well do so. The present debt of about $140,000,000,000 is not so alarming even though nearly double that of a year ago. It is not out of balance with national income and national wealth.

However, a debt of $300,000,000,000 to $350,000,000,000, which a former high official of the Government told this writer recently was in sight, and which Dr. Olin Glenn Saxon, Professor of Economics at Yale University, discusses in the current issue of the "Commercial and Financial Chronicle" in connection with inflation, is a "horse of another color." Lieut.-Commdr. Harold E. Stassen, U.S.N., former Governor of Minnesota, in the first of a series of political articles in the "Saturday Evening Post" says one reason why the Government must quickly get on a basis of maximum production after the war is the difficulty of carrying and paying our huge Federal debt.

"This," he says, "will offer a constant temptation for Government officials to take the easy way of allowing the price and wage levels to rise, thus obtaining an artificially high national income of dollars that buy less. This would have three evil effects. It would cheat all holders of war bonds, insurance policies and security benefits of a part of their investment. It would bring the danger of uncontrolled inflation perilously nearer."

Bankers who have been questioned on the subject of the national debt at the end of the war profess a feeling of confidence in the country's ability to service it, and perhaps, begin to reduce it substantially soon after the war ends if the administration then in control of the Government initiates a policy of economy and does not launch out on one of extravagance along the line of social security.

Dr. Harold G. Moulton of the Brookings Institution has just released a study of the "New Philosophy of Public Debt" in which he contrasts the traditional way of dealing with unbalanced budgets, by cutting down Government costs and raising taxes, and the modern conception that deficit spending produces an era of economic prosperity.

The cost of the Civil War, reckoned between 1861 and 1868, was slightly more than $4,000,000,000, or $120 per capita. The public debt at the end of the war was $2,675,000,000. By 1880 this had been reduced to $2,000,000,000. In 1914, when World War I began, the debt of the United States was around $1,000,000,000. The cost of this war has been estimated at $40,000,000,000. Heavy taxation held the national debt down to $25,482,000,000 in 1919 with a reduction to about $16,000,000,000 eleven years later. Serious inflation, however, followed the ending of the war. The national income during this period was about one-third that of today and national wealth considerably less. The per capita debt in 1919 was $240. At the present time it is more than $1,000 and eventually may be from $2,200 to $2,500.

To date inflation has not seriously affected the employed members of American society, as the rise in wages and salaries has, in a majority of instances, more than balanced increased living costs. The reluctance of the Government to tax in proportion to war costs is creating a debt situation that will be beyond control at the end of the war if not soon corrected.

The fears for Government credit implied in the statements of Gov. Stassen and Dr. Moulton are gaining ground. Fiscal policies that would quiet them should be adopted before the next Government loan in September if increased subscriptions from the "man in the street" are then to be secured.

DIVIDEND NOTICES

AMERICAN CYANAMID COMPANY

PREFERENCE DIVIDEND

The Board of Directors of American Cyanamid Company on May 18, 1943, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable July 1, 1943 to the holders of such stock of record at the close of business June 12, 1943.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company on May 18, 1943, declared a quarterly dividend of fifteen cents (15¢) per share on the outstanding shares of the Class "A" and Class "B" Common Stock of the Company, payable July 1, 1943 to the holders of such stock of record at the close of business June 12, 1943.

W. P. STURTEVANT,
Secretary.

Bayuk Cigars Inc.

A dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of this Corporation was declared payable June 15, 1943, to stockholders of record May 31, 1943.

Checks will be mailed.

John A. Snyder
TREASURER

Philadelphia, Pa.
May 14, 1943

MAKERS OF PHILLIES

ELECTRIC BOAT ★ COMPANY ★

33 Pine Street New York, N. Y.

The Board of Directors has this day declared a dividend of fifty cents per share on the Capital Stock of the Company, payable June 9, 1943, to stockholders of record at the close of business May 26, 1943.

Checks will be mailed by Bankers Trust Co., N. Y., Transfer Agent.

H. G. SMITH, Treasurer.
May 14, 1943.

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share on the Company's capital stock, payable June 15, 1943, to stockholders of record at the close of business June 1, 1943.

H. F. J. KNOBLOCH, *Treasurer.*

THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY

Washington, D. C., May 19th, 1943.

A dividend of $4.50 per share on the Preferred Stock of The Alabama Great Southern Railroad Company has been declared payable June 26, 1943, to stockholders of record at the close of business June 1, 1943.

A dividend of $4.50 per share on the Ordinary Stock has been declared payable June 26, 1943, to stockholders of record at the close of business June 1, 1943.

C. E. A. McCARTHY,
Vice-President and Secretary.

DIVIDEND NOTICE

Imperial Oil Limited

NOTICE TO SHAREHOLDERS AND THE HOLDERS OF SHARE WARRANTS

NOTICE is hereby given that a semi-annual dividend of 25c per share in Canadian currency, has been declared, and that the same will be payable on or after the 1st day of June, 1943, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 59 at:

THE ROYAL BANK OF CANADA,
King and Church Streets Branch,
Toronto, Canada.

The payment to Shareholders of record at the close of business on the 17th day of May, 1943, and whose shares are represented by Registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 31st day of May, 1943.

The Transfer books will be closed from the 18th day of May to the 31st day of May, 1943, inclusive and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 15% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for account of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income tax return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a certificate relative to the deduction and payment of the tax and return one Certificate to the Shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or the Royal Bank of Canada, Toronto.

Under existing Canadian Regulations:

(a) Payment of this dividend to residents of enemy or enemy occupied countries is prohibited.

(b) Payment thereof to residents of other portions of Continental Europe or of the French Empire and China is prohibited but such residents may direct the deposit to their credit in a Canadian Bank of all amounts payable to them.

(c) Other non-residents of Canada may convert this dividend at current Canadian Foreign Exchange Control rates into such foreign currencies as are permitted by the General Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an authorized dealer i.e., a Canadian Branch of any Canadian Chartered Bank.

Shareholders residing in the United States may convert the Amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Agency of The Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States to whom payment is not prohibited as above noted may convert the amount of the current dividend by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Royal Bank of Canada, King and Church Streets, Branch, Toronto, Canada, or to any other authorized dealer or to The Agency of The Royal Bank of Canada, 68 William Street, New York City, U. S. A., with a request for a draft in such foreign currency as is permitted in settlement of same, but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the Country in which they reside.

By order of the Board,
W. J. WHITLING, Secretary.

56 Church Street,
Toronto, Canada.
12th May, 1943.

Every Day!

1. Mind your own business and have plenty of it.
2. Don't bite off more than you can chew.
3. Tackle one job at a time.
4. Make your decisions promptly and don't fear the outcome.
5. Learn to delegate part of your work and responsibility.
6. Don't stake too much on success.
7. Don't be afraid of failing.
8. Don't overvalue the unattainable.
9. Don't undervalue what you have.
10. Forget the people you don't like.
11. Keep your sense of humor and your sense of proportion.
12. Forget yesterday. It's gone forever.
13. Don't dread tomorrow. It isn't here yet.

—Channing Pollock.

Consolidated Textile Situation Attractive

The current situation in Consolidated Textile Company offers interesting possibilities, according to a memorandum just issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of this memorandum may be had from the firm upon request.

US Has Ample Plant, Machine Tools To Beat Axis

War Contracts To Be Reviewed For Possible Cancellation

The War Production Board announced on May 12 that the United States now has all the plant and machine tools it needs to beat the Axis, and as a result 5 to 5½ billion dollars' worth of contracts for the construction of new war facilities will be re-examined with a view to their cancellation, said a special dispatch to the New York "Times" last week from Washington by John MacCormac, which continued as follows:

This announcement by the WPB today was accompanied by a statement emphasizing that the cancellation and conversion would result not in a lessened but in an increased production of war material, since the labor and materials released by it would go to making more munitions instead of more facilities.

The effect of the decision will be to stop work on some new facilities now under construction; to curtail others which are already producing direct or indirect military goods; and to bar the purchase of new machine tools, machinery or equipment or the erection of new factory buildings unless it has been proven that the work cannot be done by existing facilities.

During the first three years of the war, it was revealed today, the United States devoted almost as much effort to construction and facilities as it did to the production of arms and munitions. Much of the manufacturing capacity and materials which have so far been used to make machinery and equipment will now go to the manufacture of planes, guns and tanks.

Another important result of the decision will be to accelerate the reconversion to other types of war production of plant capacity which is being or will be released due to changes in military requirements.

For instance, the nation now has more shell-loading capacity and facilities for the manufacture of *some types of artillery than it needs. Such plants, together with those which had been equipped to make light* tanks, will be converted. So far, in fact, has this process already gone that some $3,500,000,000 worth of shell, gun and tank contracts have been canceled and replaced by orders for airplanes and airplane and ship parts, mobile artillery and tank destroyers.

It was pointed out that, in addition, considerable capacity will be made available for conversion to military production from civilian or indirect military use. In this connection it was emphasized that the cancellation and conversion would not mean the diversion to civilian goods of any of the facilities.

Today's action, it was pointed out, reflects a profound change in the nation's machine tool situation. Since the beginning of 1939 the United States has virtually doubled its stock of machine tools.

As for new factories, the total value of all Federally-financed new industrial facilities stood on Feb. 28 at $15,100,000,000, of which nearly $4,000,000,000 had been completed and almost another $7,000,000,000 was scheduled to be completed by the middle of this summer. The balance was supposed to be finished by the end of the year.

Actually the remaining factories are somewhat behind this schedule, which makes it possible to lop off a little more than $5,000,000,000 from the total. This will be feasible, it was explained, because machine tool plants are about the easiest to convert to other production.

The rate of facility expansion in 1942 at its peak required the labors of nearly three million men and at one time diverted between 20% and 24% of the nation's steel output to the construction field. Even during recent months authorizations have been running at an annual rate of $6,500,000,000. But during the week ended May 7, when the new policy began to go into effect, revocation orders halting $24,945,682 worth of projects were issued. It was the largest weekly total of stop orders issued this year.

To indicate how the curtailment of facilities construction could help the war program, WPB pointed out that the major limiting factor in the output of munitions has been the scarcity of materials. But the materials which will be freed by today's decision, it was said, could be used up by full two-shift operation of all machines in the metal working industries as a whole. There has been no easing off in the demand either for critical materials or labor, it was emphasized, for the overall program must be enlarged rather than reduced.

To make curtailment effective a new facilities review committee will be set up in WPB on which all claimant agencies will be represented. All orders for new tools and equipment, including those now approved only by the Army-Navy Munitions Board, must be submitted after June 1 to WPB for approval. The only exceptions will be foreign construction and certain "command" projects necessary in war theaters. WPB will centralize inventories and catalogues of idle or available machine tools against which all proposals for new facilities will be checked to determine whether they are essential.

NY Analysts Annual Meeting And Election

The New York Society of Security Analysts, Incorporated, will hold its annual meeting and election of officers on Friday, May 28, at 1 p.m., at 56 Broad Street, New York City. The following slate will be voted upon:

President: Lucien Hooper
Vice-President: Pierre Bretey
Secretary: Oscar Miller
Treasurer: Lancaster Greene

Board of Directors: B. Seth Seeley, Schroeder Boulton, and William Loss. Other members of the Board are Benjamin Graham, Charles Tatham, Jr. and C. J. Vanderhyde whose terms run until May 1944.

Following the annual meeting and election of officers, several members of the Society will outline their views on "special situations" which have come to their attention.

The Society announces that at the regular luncheon meeting to be held May 21, John W. McInerney of Wood, Walker & Co. will discuss the Rock Island lines, etc.

On May 24 Benjamin Graham will speak on The Bond Investor's Approach to a Stock Program.

Racing Stock Attractive

Capital stock of the American Turf Association offers an attractive investment speculation at current levels according to an interesting memorandum issued by The Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville, Ky. Copies of this memorandum together with "Local Notes," containing quotations on stocks and comment on several issues which the Bankers Bond Co. believes offer interesting possibilities at this time may be had from the firm upon request.

When Will The War End?

(Continued from first page)

general feeling that we are bound to win. This is no reflection upon either the Republican or Democratic parties, and least of all upon President Franklin D. Roosevelt. Having once been a presidential candidate myself, I want to definitely emphasize this point: **World War II is bound to get into politics even if I or any reader of this column were President.**

Japan or Germany First?

The question of whether we shall first whip Japan or Germany, or go at them both 50-50, is already a question of politics. Many Republicans, led by General MacArthur, are for whipping Japan first, or at least giving her 50-50 of the dosage; while most of the Democrats, led by the President, are for whipping Germany first. Furthermore, sectionalism is a factor in this connection. The Pacific Coast is especially fearful of Japan, while the Atlantic Coast is especially fearful of Europe. The great Middle West, led by the Chicago "Tribune," is more or less noncommital. Before Pearl Harbor this great section of the country was largely isolationist. Since then they have been very loyal, but in their hearts often wonder what it is all about.

Then, this country is divided as to whether we are acting independently enough. Some seem to regret that when pulling our chestnuts out of the fire we also are pulling out England's. Personally, I believe we owe a tremendous debt of gratitude to England, and am not at all sympathetic with this group of "America Firsters." In order to save ourselves we are obliged to save England, although we are not in this war, per se, to save the British Empire. If after the war a vote should be taken on what we should do for the British Empire, I am afraid our good English cousins would be disappointed. Therefore, this has become more or less of a political football, with the New Dealers lining up with the British Empire and the Republicans playing with the "America Firsters'" program. This is further complicated by the leading Republican candidate for 1944, Wendell Willkie, taking a broad-minded, global viewpoint; while another spectacular Republican, Clare Boothe Luce, backed by untold millions, seems to be for grabbing all we can for ourselves.

Invasion or Strangulation?

Perhaps the most important political struggle will develop in connection with the policy to be used in bringng Germany to her knees. One group favors the immediate invasion of Europe, and I assume that President Roosevelt is back of these immediate invasion plans. By Europe I mean the invasion of the Continent itself. Taking Norway is not invading Europe. Certainly, if this is not the intention of the Roosevelt Administration, it has been deceiving the American people. It is generally assumed that the real invasion jumping off points will be England, Norway, Africa and Turkey. The invasion may be centered at one point or scattered over several points. I am not a military man and am unable to comment on this problem. I do, however, understand that the Administration favors working 100% with Russia and England. This means doing what Russia and England want, as they are in the majority. Hence, I admit that an invasion may come at any time.

Some Republicans believe that the immediate invasion program would require an uncalled-for sacrifice on the part of our people. In this belief they may be backed by a majority of the mothers and fathers, sisters and sweethearts of the boys in the Army. Furthermore, the larger the Army becomes, the more sympathizers the Republicans will have to their substitute **strangulation** policy, rather than the Democratic **invasion** policy. These Republicans might favor an invasion of Norway or Turkey in order to get bombing fields; but their primary object is to surround Germany and her conquered countries with a series of bombing fields in Russia, Norway, England, Turkey and Africa, and gradually bomb the daylights out of Germany. They also favor the same policy as to Japan. As a student of political history, I know it is inevitable that this problem will get into United States politics.

Uncertainty Results in Delay

All this will tend to delay a 100% war effort until after the 1944 elections. These are only 18 months away, and 18 months will go very rapidly. In view of the uncertainties and disagreements outlined above, such delays are inevitable. The nearer we approach the time of elections the easier it will be to leave many decisions until after the elections. Certainly, unless a **real** invasion takes place fairly soon, Germany and Japan can not be conquered before November, 1944. Therefore, it seems to me as a statistician that we will not have world peace until January, 1945, at the earliest.

What does this mean to my readers? It means that farmers, wage workers, transportation companies and other groups which have been prospering from the war are justified in planning on a honeymoon of at least 18 months longer. It means that business men and investors who have been suffering from the war must continue in their present situation for at least 18 months longer. On the other hand, all groups should remember that this global war is not going to end so suddenly as did World War I. The final end will be seen far enough in advance so as to allow for discounting the event. Therefore, those interests now prospering with the war will begin to liquidate before the 18 months are up; while those who are now in the dog house will be sticking their heads out the door and feeling chipper—likewise in advance.

This Thing Might Last Five To Ten Years

(Continued from page 1859)

metals—seem ripe for exploitation in the post-war period.

7. Plant capacity has been greatly expanded, plant layout improved, and plant efficiency generally increased. Millions of workers have been trained in new skills. Industry is ready to do a bigger job faster and cheaper than ever before.

8. Many companies are paying off arrearages, buying in or calling their bonds, setting up contingency reserves at an unprecedented rate. Quite probably American industry will end the war in the soundest financial condition in two decades.

9. Some business men are beginning again to think in terms of what can be done with a new project in five or six years, instead of one or two.

10. Probably corporate taxes will be lower five years from now than they are now.

Such forces are very powerful. They do not spend themselves overnight. Working together they could spell a long period of rising stock prices. Perhaps five to 10 years. It has happened before: 1921 to 1929, 1932 to 1937. It can happen again.—Selected American Shares, Inc.

Our Reporter's Report

(Continued from page 1859)

sluggish in contrast with activity attending the offering of last week's $50,985,000 of new securities which included $38,000,000 of Public Service Company of Indiana first mortgage 3¼s and $7,500,000 of 3 per cent debentures of the John Morrell & Co., packing firm.

I.C.C. Persistent in Stand

The Interstate Commerce Commission evidently is adamant in its determination to see that the railroads, as far as the Federal agency has it in its power to so direct, continue to apply part of current large earnings to retirement of outstanding indebtedness.

This was made plain in connection with action on the recent request of the Chesapeake & Ohic Railway for authority to issue and sell $5,200,000 of equipment trust certificates.

The Commission put its stamp of approval on the road's request, but with the proviso that the carrier would apply an equivalent amount to the reduction of its standing debt.

Wall Street Tries A New One

There is much joshing around town at the moment involving an oscillating bed, or divan, which an enterprising salesman, who has set himself up in the Stock Exchange building, is offering to Wall Street as something new.

Reports have it that the Stock Exchange has purchased several for use in its own rest rooms. The sad part of it all is that, presumably the available supply is limited and what with priorities, renewals are not likely to be large or frequent.

The gadget is explained as an electrically operated affair, of the mechanical massage type, and is described as affording the user a real "lift" after a trying day such as some of those recent 2,000,000 share sessions constituted for none-too-heavily staffed brokerage houses.

Public Buying Needed

Broadening of the Treasury's next war loan drive to induce greater buying by the individual public and other non-banking sources, is certain, according to the Federal Reserve Board.

Individuals bought $3,000,000,000 in the last drive, but this, says the Board, is not enough if inflation is to be kept in check.

Meanwhile this week's bank statement shows that member banks added almost a billion of government bonds, and approximately $400,000,000 of Treasury bills, in the period.

Finland Is Expected To Pay On War Debt

The Finnish Government is expected to meet its June payment on its World War debt to the United States. A moratorium which freed Finland from making payments during the last three years expired in December, and a payment is due on June 15. The interest amounts to $168,945 and would not include any payment on the $8,000,000 principal which the Finnish Government still owes the United States.

Finland was reported to have paid $473,474.30 to the Export-Import Bank May 1 as interest on the loan of $24,000,000 granted by the bank during the first Finnish-Russian war in 1940, according to Washington advices of May 12 to the New York "Times." A loan of $30,000,000 was made available, the advices said, but only $24,000,000 was taken up because of the difficulties of transport.

Municipal News & Notes

Gasoline tax collections for February and March in 16 Eastern States indicate the effect of a ban on pleasure driving on State motor fuel revenues already reduced substantially by local shortages and the general mileage rationing program.

February and March collections for January and February driving in 13 Eastern States were 44.7 and 44.2%, respectively, below collections for the same months in 1942, according to the Federation of Tax Administrators.

Since the ban on pleasure driving in these States was in effect during January and February only, the figures give a picture of a reduction in State revenues which might result from a nationwide ban.

For the remainder of the 46 States reporting gas tax collections to the Federation, collections for the two months were only 38 and 29% below figures for the same months last year. The over-all reductions, when compared with the general trend in collections since the gasoline rationing program was instituted a year ago, would indicate that gas tax revenue losses because of rationing were leveling off and stabilizing at between 30 and 40% under collections before rationing.

Following are figures showing monthly decreases in State gasoline tax collections in comparison to collections of the same months of the previous year:

	June		July
40 States	—16%		—18%
27 unrationed	—11		—15
13 rationed	—22		—24
	Aug.		Sept.
45 States	—14%		—26%
29 unrationed	— 8		—17
16 rationed	—24		—39
	Oct.		Nov.
40 States	—21%		—17%
27 unrationed	—15		—11
13 rationed	—34		—32
	Dec.		Jan.
44 States	—10%	39 States*	—34%
29 States	— 3	24 States**	—32
15 States***	—25	15 States***	—36
	Feb.		Mar.
46 States*	—38%		—29%
30 States**	—35		—22
16 States***	—44		—44

*All rationed States.
**Newly-rationed States.
***Originally-rationed States.

State Legislatures Enact War Housing Measures

State Legislatures, mindful of housing problems which have hampered the war effort, enacted a number of laws this year to facilitate the proper housing of war workers and others in congested areas.

The legislation, according to the National Association of Housing Officials, extends existing war-housing laws, allows initiation of housing programs, relaxes restrictions to permit war workers to live in low-rent projects, and authorizes extension of housing authority jurisdictions.

More than a dozen States extended, for another year or for the duration of the war, the authority of local housing bodies to develop and administer projects to house war workers in localities where housing shortages exist. Many of the existing laws, enacted in 1940 or 1941, terminate next Dec. 31.

Included among States extending such war-housing acts were Arkansas, Florida, Indiana, Maryland, Nebraska, New Mexico, New York, North Carolina, North Dakota, Oregon, Tennessee and Washington.

Maine, Nevada and South Dakota were among the States passing legislation authorizing local participation in war and low-cost housing programs; legislatures of Arizona, Georgia, Montana and Vermont enacted measures authorizing relaxing of low-cost housing restrictions to permit occupancy by war workers.

Rhode Island is one of several States enacting legislation allowing a local housing authority to help a neighboring community with its housing problems. The Rhode Island law allows extension of a housing authority's jurisdiction to nearby communities which are in or near war industry areas but have no housing authorities of their own. On the other hand, Arkansas enacted a law providing for cooperation of two or more housing authorities in initiating and administering a project.

Legislation authorizing the establishment of regional housing authorities was enacted this year by Arkansas, Florida, Georgia, North Carolina and Tennessee.

A new Arizona law gives counties the same powers with respect to the establishment of housing authorities, and the development and management of projects as is possessed by cities. The law is expected to help in providing war housing for flying fields, military training fields and isolated areas.

Montana, Arizona and several other States made legal the investment of funds in housing authority bonds.

Decries Treasury Efforts To Abrogate Tax-Free Status

The committee on intergovernmental fiscal relations has informed the Treasury Department that there is "some validity" for the argument that elimination of tax exemption on existing security issues would be breaking faith with those who had purchased them.

"Intergovernmental relations have been strained for many years over the tax-exempt security issue. It is the proposal to include the interest on State and local bonds in the base of the federal income tax which is most in conflict," the committee said in the sixth of a series of articles.

The committee pointed out that in the case of outstanding Federal issues, the Government is bound by contract, and that only by the gradual process of refunding and re-issue can these obligations be made fully taxable.

The immunity of State and local bonds from Federal taxation is protected by a long line of legal procedure, the committee said, as it pointed out that in the twenties and early thirties a number of attempts were made to get Congressional authorization of constitutional amendments to clear away legal impediments to the elimination of exemption, but that all were unsuccessful.

More recent efforts have been directed toward obtaining action by Congress which would present the issue squarely to the Supreme Court.

It was noted that the reciprocal immunity from taxation of the property and instrumentalities of Federal and State governments has been recognized in the constitutions of Australia, Canada and Brazil, while in Argentina interest on Government bonds has been exempt from the income tax. In Argentina, however, there have been recent efforts to do away with the exemption.

The revenue at stake in the tax-exempt security issue is substantial. At 1942 levels of business and proposed Treasury rates, the estimated loss of revenue to the Government from exemption is $275,000,000 a year, the committee said.

In recent years, State and local bond issues have amounted to about $1,000,000,000 a year and if tax-exemption were eliminated from future State and municipal issues, the committee said that the increase in interest payments would amount to only $5,000,000 in the first year and eventually to as much as $100,000.000 a year.

"This loss would be partly offset by any gains which the States might realize were the States and their subdivisions allowed to tax Federal bonds," in the committee's opinion.

That States and municipalities would find this a fatal impediment to credit operations or fiscal interests seems quite unlikely, the committee added.

It is said that States and municipalities managed very well without the tax-exempt advantage before the income tax was developed and that their bonds commanded an excellent market and considerable advantage over most other bonds in that earlier period.

Cities Levy New Taxes On Local Utilities

Increased use of taxes on local utilities to obtain revenues to finance rising costs of Government was noted recently by the International City Managers Association. The following cities, according to the Association, are among those levying new taxes on utilities during the last year or two:

Kansas City, Mo., expects to raise approximately $1,130,000 during the 1943 fiscal year from newly adopted taxes on local utilities.

The city expects to receive $420,000 from a 5% tax on gross income, except income from industrial use, of the local power and light company; $290,000 from a similar tax on its gas company; $256,000 from a 4% tax on gross income of the local telephone company; $57,000 from a tax on the local street railway company of 1 mill per street car passenger, and $106,000 from a 3% tax on bus revenue of the street railway company.

St. Louis last December adopted a 5% tax on the gross receipts of every telephone company operating in the city, while Wenatchee, Wash., obtained nearly $12,000 during the first fiscal year from a 2% tax on the telephone company and a 3% tax on the local power company.

A 2% franchise tax levied recently by El Paso, Tex., on the local telephone company will, city officials believe, increase by 100% the revenue now obtained from this source by an existing 2% tax on gross sales.

Another Missouri community, Richmond Heights, expects to receive $10,000 this year from a 2% tax levied on utility companies in December, 1941. Hornell, N. Y., also anticipated receiving $10,000 this year from a 1% utility tax levied last July.

Results of taxes levied on utilities by several Texas cities, in addition to El Paso, within the last two years was reported by the Association. Waco, for example, obtains about $33,000 a year from a street rental charge against local power and light, telephone and gas companies; the charge was levied in August, 1941.

Wichita Falls has since October, 1941, levied a 2% gross revenue tax against the local electric service company which brings in around $17,000 a year and in August, 1942, enacted a 1½% gross revenue tax expected to produce $11,500 annually from the local gas service company.

Among other Texas cities levying taxes on local utilities are Denison, Galveston, McAllen and Sweetwater, with revenues ranging from $52,000 in Galveston from a gross receipts tax on utilities to about $6,000 in Denison from a 2% gross income tax on power and light and telephone companies.

Major Sales Scheduled

May 26

$1,024,000 Fort Lauderdale, Fla.
Refunding 4s, due 1944-1971.

May 28

$4,178,000 Alabama Bridge Finance Corp.
Not exceeding 2% refundings, due Jan.-July, 1944-1953.

June 21

$13,815,000 Imperial Irrigation District, Calif.
Not exceeding 3½% refundings, due 1983.

Roosevelt Urges Food Conference To Develop World Production To Meet Nutritional Needs

The United Nations Conference on Food and Agriculture, with representatives from 45 nations in attendance, opened at Hot Springs, Va., on May 18.

President Roosevelt, in a message read by Judge Marvin Jones, Chairman of the U. S. delegation and permanent chairman of the conference, said that the purpose of the meeting was to further the policies of the Atlantic charter, the Declaration of United Nations, and the 1942 Rio de Janeiro conference of the 21 American republics insofar as they concern the post-war consumption, production and distribution of food and other agricultural products.

The President expressed regret that, due to war matters, he was unable to welcome the delegates but hoped that later on he would be able to meet them.

Mr. Roosevelt urged that all nations, see to it that no hindrances be allowed to prevent any nation or group of citizens "from obtaining the food necessary for health."

The President's letter follows in part:

"This is the first United Nations conference. Together, we are fighting a common enemy. Together, also, we are working to build a world in which men shall be free to live out their lives in peace, prosperity and security.

"The broad objectives for which we work have been stated in the Atlantic Charter, the Declaration of United Nations, and at the meeting of the 21 American republics at Rio de Janeiro in January, 1942. It is the purpose of this conference to consider how best to further these policies in so far as they concern the consumption, production and distribution of food and other agricultural products in the post-war period.

"We know that in the world for which we are fighting and working the four freedoms must be won for all men. We know, too, that each freedom is dependent upon the others; that freedom from fear, for example, cannot be secured without freedom from want. If we are to succeed, each nation individually, and all nations collectively, must undertake these responsibilities.

"They must take all necessary steps to develop world food production so that it will be adequate to meet the essential nutritional needs of the world population. And they must see to it that no hindrances, whether of international trade, of transportation or of internal distribution, be allowed to prevent any nation or group of citizens within a nation from obtaining the food necessary for health. Society must meet in full its obligation to make available to all its members at least the minimum adequate nutrition. The problems with which this conference will concern itself are the most fundamental of all human problems—for without food and clothing life itself is impossible.

"In this and other United Nations conferences we shall be extending our collaboration from war problems into important new fields. Only by working together can we learn to work together, and work together we must and will."

An item regarding the agenda of the conference appeared in these columns of April 29, page 1591.

Investment Trusts

(Continued from page 1863)

Calvin Bullock (1 Wall Street, New York)—Five-year record of $10,000 investment (at net asset value) in Dividend Shares shows a gross gain, including dividends, of $4,549. The period covered is from April 30, 1938, to April 30, 1943. Percentage gain amounted to 45.5%, or an average yearly gain of 9.1%.

* * *

Massachusetts Distributors, Inc. (111 Devonshire Street, Boston)—Discusses "Length of Bull Markets" in a recent issue of **Brevits.** Of the six bull markets since 1903 up to but not including the present one, the shortest lasted 23 months and the longest ran 70 months. In contrast, the present bull market has been under way only 12 months. Hence, the sponsor concludes that, on the basis of historical precedent, the current bull market "is still in its early youth."

* * *

W. L. Morgan & Co. (Real Estate Trust Bldg., Philadelphia)—On April 30, 1943, Wellington Fund completed its 14th year of operations. Present stockholders number over 6,500 and include churches, trustees, labor unions, hospitals and universities. Total resources now exceed $9,000,000 and total dividend distributions to shareholders exceed $2,200,000.

* * *

Selected Investments Company (135 South La Salle Street, Chicago)—To illustrate the readiness with which the load on Selected American Shares is made up in a favorable market, this sponsor points out that in the past year the fund has made up its load seven times.

Dividends

American Business Shares, Inc.—A dividend of $0.06 per share payable June 1 to stock of record May 17, 1943.

Treasury Opens Talks On Currency Plans

Confidence that a satisfactory plan for stabilizing world currencies in the post-war era could be agreed upon by the United Nations was expressed earlier this month by Dr. Crena D. Iongh, financial adviser to the Netherlands Government in exile.

Dr. Iongh had been conferring for a week with Treasury officials in Washington on American proposals to set up a $5,000,000,000 international currency stabilization fund.

Secretary of the Treasury Morgenthau has invited 37 nations to send technicians to Washington to discuss the plan informally and to make suggestions for changes. The talks, it was emphasized, are for the purpose of getting the views of other nations.

Harry D. White, the Treasury's director of monetary research credited with developing the American plan, revealed on April 27 that earlier talks with a Canadian delegation had proved "very satisfactory." Mr. White said the talks with the Canadian group, headed by W. A. Mackintosh of the Dominion's Department of Finance, had "clarified many points" in the stabilization proposals.

Both groups of financial technicians plan to return later to continue the informal discussions.

The Treasury plan appeared in our issue of April 8, page 1300.

Calendar of New Security Flotations

OFFERINGS

FLINTKOTE COMPANY

Flintkote Company has filed a registration statement for $3,000,000 15-year 3% debentures due May 15, 1958.

Address—30 Rockefeller Plaza, N. Y. City.

Business — Either directly, or through subsidiaries, is engaged in the manufacture and sale, and in the sale either for its own account or for the account of others, of various asphalt and asbestos-cement roofing and siding products, structural and decorative insulation board products, asphalt emulsions, chipboards and boxboards, solid and corrugated containers, set-up and folding boxes, etc.

Underwriting — Principal underwriters are Lehman Brothers, New York; A. C. Allyn & Co., Inc., Chicago; Bacon, Whipple & Co., Chicago; Bear, Stearns & Co., New York; A. G. Becker & Co., Inc., Chicago; Dominick & Dominick, New York; Graham, Parsons & Co., Phila.; Granbery, Marache & Lord, New York; Hallgarten & Co., New York; Hemphill, Noyes & Co., New York; Hornblower & Weeks, New York; Ladenburg, Thalmann & Co., New York; Laurence M. Marks & Co., New York; Merrill Lynch, Pierce, Fenner & Beane, New York; Paine, Webber, Jackson & Curtis, Boston; L. F. Rothschild & Co., New York; Schoellkopf, Hutton & Pomeroy, Inc., Buffalo; Shields & Co., New York; I. M. Simon & Co., St. Louis; Stroud & Co., Inc., Phila.; Swiss American Corporation, New York, and Wertheim & Co., New York.

Offering — Price to the public will be supplied by amendment.

Proceeds—Will be added to the general funds of the company.

Registration Statement No. 2-5137. Form S-1 (5-6-43).

Registration statement effective 5:30 p. m. (EWT) on May 17, 1943.

Offered May 18, 1943, by Lehman Brothers at 102 and interest.

WEST INDIES SUGAR CORPORATION

West Indies Sugar Corporation has filed a registration statement for 470,178 shares of common stock, par value $1 per share. The shares are already issued and outstanding.

Address—60 East 42nd St., N. Y. City.

Business—Is a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and black strap molasses in the Dominican Republic and Cuba.

Offering — Price to the public will be supplied by amendment. Statement says that 395,178 of the 470,178 shares registered will be publicly offered as soon as practicable after registration statement becomes effective. The remaining 75,000 shares will be offered within a reasonable time thereafter, but not before July 17, 1943, without the consent of the underwriters of the 395,178 shares. The 395,178 shares being offered initially are shares issued and outstanding, of which 325,000 shares are held by the City Company of New York, Inc., in dissolution; 53,691 shares by the National City Bank of New York, and 16,487 by Avery Rockefeller and the National City Bank of New York as trustees under the will of Percy A. Rockefeller. In addition, the National Cty Bank of New York holds 75,000 shares which it proposes to sell within a reasonable time after the initial offering.

Underwriting — Harriman Ripley & Co., Inc., head the underwriters. Other names will be supplied by amendment.

Proceeds—To the selling stockholders.

Registration Statement No. 2-5136. Form A-2 (5-5-43).

Registration statement effective 9.59 a.m. EWT on May 17, 1943

Offered May 18, 1943, at $15 per share by Harriman Ripley & Co., Inc., Blyth & Co., Inc., Lee Higginson Corp., Lazard Freres & Co., G. H. Walker & Co., Wertheim & Co. and Farr & Co.

In an amendment to its registration statement filed May 11, the corporation gives the names of the underwriters on the proposed offering of 395,178 shares of its common stock, $1 par value, as follows: Harriman Ripley & Co., Inc., N. Y.; Blyth & Co., Inc., N. Y.; Lee Higginson Corp., N. Y.; Lazard Freres & Co., N. Y.; G. H. Walker & Co., St. Louis; Wertheim & Co., N. Y.; Hemphill, Noyes & Co., N. Y.; W. E. Hutton & Co., N. Y.; Paine, Webber, Jackson & Curtis, N. Y.; Stone & Webster and Blodget, Inc., N. Y.; Clark, Dodge & Co., N. Y.; Hornblower & Weeks, N. Y.; Carl M. Loeb, Rhoades & Co., N. Y.; Riter & Co., N. Y.; Baker, Weeks & Harden, N. Y.; H. N. Whitney, Goadby & Co., N. Y.; Bacon, Whipple & Co., Chicago; Blair, Bonner & Co., Chicago; Farr & Co., N. Y.; Graham, Parsons & Co., Philadelphia; Kebbon, McCormick & Co., Chicago; A. M. Kidder & Co., N. Y.; A. E. Masten & Co., Pittsburgh; Newhard, Cook & Co., St. Louis; Singer, Deane & Scribner, Pittsburgh; Stein Bros. & Boyce, Baltimore; White, Weld & Co., N. Y.; Auchincloss, Parker & Redpath, N. Y.; Curtiss, House & Co., Cleveland; Hayden, Miller & Co., Cleveland; Johnston, Lemon & Co., Washington, D. C., and Merrill, Turben & Co., Cleveland.

The offering does not represent new financing by the company as the shares are already issued and outstanding, and are being offered for the account of three holders of stock.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

MONDAY, MAY 31

IOWA POWER & LIGHT CO.

Iowa Power & Light Co. has filed a registration statement for $17,000,000 first mortgage bonds, 3¼% series due June 1, 1973.

Address—312 Sixth Avenue, Des Moines, Iowa.

Business—Is a public utility engaged in the business of furnishing electric service in Polk County, outside the City of Des Moines and environs, and in 12 contiguous counties in Central Iowa, and furnishing gas service in the City of Des Moines and environs, and in two municipalities in adjoining counties.

Underwriting—Bonds are to be offered for sale at competitive bidding under the rules of the Commission. Names of the underwriters will be supplied by post effective amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Bonds are to be issued as part of a series of interdependent transactions which include the acquisition by Continental Gas & Electric Co. of Iowa Power & Light Co. and Des Moines Electric Light Co. from Illinois Iowa Power Co. Proceeds from the sale of the bonds, together with a portion of funds to be received from bank loans aggregating $2,500,000, will be used to redeem on Sept. 1, 1943, a total of $11,232,000 face amount of the company's first mortgage bonds; to redeem on Oct. 1, 1943, 10,133 shares par $100 of the company's 7% cumulative preferred stock; to the purchase from Illinois Iowa Power Co. of $1,750,000 face amount of general refunding mortgage bonds, Series A, due 1955, and $3,000,000 of open account indebtedness of Des Moines Electric Light Co., $4,750,000; to partial payment for Iowa properties of Iowa-Nebraska Light & Power Co., $1,000,000 and for other corporate purposes.

Registration Statement No. 2-5138. Form S-1. (5-12-43).

TUESDAY, JUNE 1

CERANA APARTMENTS CORPORATION.

Edward J. Crawford, Walter McMeekan and Howard V. Williams, trustees, have filed a registration statement for voting trust certificates for 1,864 shares of capital stock, par $1 per share, of Cerana Apartments Corporation.

Address—Executive office of corporation 70 Pine Street, Room 2305, New York City.

Business—Apartments.

Purpose—The trustees are presently acting as voting trustees for all the issued capital stock of the corporation under a voting trust agreement dated April 24, 1933, which, by its terms, expired March 31, 1943. Under the terms of the voting trust certificates, however, the holders thereof are entitled to exchange their voting trust certificates for certificates of stock of the corporation on Aug. 31, 1942. It is proposed to suggest to the holders of voting trust certificates outstanding that they consent to the extension of the agreement to Aug. 31, 1947. Thus, holders of voting trust certificates, who do not consent, will receive stock certificates in exchange for their voting trust certificates. Those holding voting trust certificates who do consent to the extension, will continue to hold their voting trust certificates subject to the provisions of the voting trust agreement, except to extent provisions are amended in supplemental agreement.

Registration Statement No. 2-5139. Form F-1. (5-13-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN CASUALTY CO. OF READING, PA.

American Casualty Co. of Reading, Pa., has filed a registration statement for 50,000 shares of capital stock, par value $5 per share.

Address—607 Washington St., Reading, Pennsylvania.

Business—Conducts general casualty insurance business.

Offering—The shares of common stock are being offered at $10 per share by the company to its stockholders of record April 15, 1943, in the ratio of one new share for each three shares held on record date. The right to subscribe on the part of the stockholders will expire May 15, 1943.

Underwriting—In the event that all of the stock is not subscribed for by stockholders, the company may endeavor to make an offering to the general public through underwriters.

Proceeds—Proceeds are to be used to increase the capital and surplus of the company to enable it to retain a larger portion of its standard limit business without resorting to reinsurance. Net proceeds will be used for the purchase of securities which are qualified as legal investment for insurance companies organized under the laws of the Commonwealth of Pennsylvania.

Registration Statement No. 2-5114. Form S-1 (3-26-43).

Registration effective 5:30 p. m. EWT on April 10, 1943.

ARMOUR & CO. OF DELAWARE

Armour & Co. of Delaware has filed a registration statement for $35,000,000 35-year 7% cumulative income debentures, due April 1, 1978.

Address—43rd Street and Racine Ave., Union Stock Yards, Chicago, Ill.

Business—Engaged in meat packing business, operating packing plants in North and South America for the slaugther of livestock and the processing of meats and animal products and for by-products. In conjunction with their meat packing operations, company and subsidiaries manufacture butter and cheese and various other products.

Underwriting—Kuhn, Loeb & Co., New York, head the underwriting group. Others to be supplied by amendment.

Offering—Company offers to the holders of its outstanding 523,581 shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share, the right to exchange such shares for the debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject, if the total number of shares of preferred stock deposited for exchange would require more than the entire issue of debentures, to allotment of the debentures by the company. The debentures not taken upon the exchange offer have been underwritten and will be offered to the public at a price to be fixed by amendment.

Proceeds—Company intends to apply the net proceeds of the debentures not taken in exchange pursuant to the exchange offer, with any other funds in the treasury which may be necessary, to the redemption of a par amount of 7% guaranteed cumulative preferred stock of the company which, with the shares acquired pursuant to the exchange offer, will retire $35,000,000 par amount of such preferred stock.

Registration Statement No. 2-5134. Form A-2 (4-29-43).

Armour & Co. of Delaware filed an amendment to its registration statement on its proposed issue of $35,000,000 7% cumulative income debentures due April 1, 1978, which lists a nation-wide group of 90 underwriters. The company offers to the holders of its 523,581 outstanding shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share the right to exchange such shares for debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject to allotment if required. The offer to stockholders will expire at 3 p.m., June 3, 1943.

The debentures not taken upon the exchange offer have been underwritten, with the names of underwriters and amounts subscribed listed as follows: Kuhn, Loeb & Co., N. Y., $2,500,000; First Boston Corp., N. Y., $1,500,000; A. C. Allyn & Co., Inc., Chicago, $500,000; Bacon, Whipple & Co., Chicago, $250,000; Baker, Watts & Co., $150,000; Ball, Coons & Co., Cleveland, $100,000; A. G. Becker & Co., Inc., N. Y., $600,000; Blair, Bonner & Co., Chicago, $200,000; Blyth & Co., Inc., N. Y., $1,000,000; Alex. Brown & Sons, Baltimore, $350,000; H. M. Byllesby & Co., Inc., Chicago, $200,000; Central Republic Co., Inc., $350,000; E. W. Clark & Co., $250,000; Coffin & Burr, Inc., Boston, $300,000; Curtiss, House & Co., Cleveland, $150,000; Dempsey-Detmer & Co., Chicago, $100,000; Dick & Merle-Smith, N. Y., $200,000; Dominick & Dominick, N. Y., $500,000; Drexel & Co., Philadelphia, $600,000; Eastman, Dillon & Co., N. Y., $500,000; Emanuel & Co., N. Y., $200,000; Equitable Securities Corp., N. Y., $200,000; Estabrook & Co., Boston, $300,000; Fahey, Clark & Co., Cleveland, $100,000; Farwell, Chapman & Co., Chicago, $200,000; Ferris & Hardgrove, Seattle, $100,000; Field, Richards & Co., Cleveland, $150,000; First Cleveland Corp., Cleveland, $150,000; First of Michigan Corp., Detroit, $200,000; Glore, Forgan & Co., N. Y., $750,000; Glover & MacGregor, Inc., Pittsburgh, $100,000; Goldman, Sachs & Co., N. Y., $1,000,000; Graham, Parsons & Co., Philadelphia, $200,000; Grubbs, Scott & Co., Pittsburgh, $100,000; Hallgarten & Co., N. Y., $500,000; Harriman Ripley & Co., Inc., N. Y., $1,200,000; Harris, Hall & Co., Inc., Chicago, $350,000; Hawley, Shepard & Co., Cleveland, $200,000; Hayden, Miller & Co., Cleveland, $250,000; Hayden, Stone & Co., N. Y., $500,000; Hemphill, Noyes & Co., N. Y., $500,000; Hill & Co., Cincinnati, $100,000; J. J. B. Hilliard & Son, Louisville, $150,000; Hornblower & Weeks, N. Y., $500,000; W. E. Hutton & Co., N. Y., $500,000; Illinois Company of Chicago, Chicago, $300,000; Kebbon, McCormick & Co., Chicago, $250,000; Kidder, Peabody & Co., N. Y., $750,000; Ladenburg, Thalmann & Co., N. Y., $750,000; W. C. Langley & Co., N. Y., $300,000; Lazard Freres & Co., N. Y., $750,000; Lee Higginson Corp., N. Y., $1,000,000; Lehman Brothers, N. Y., $1,000,000; Carl M. Loeb, Rhoades & Co., N. Y., $300,000; Mackubin, Legg & Co., Baltimore, $100,000; Laurence M. Marks & Co., Baltimore, $200,000; McDonald-Coolidge & Co., Cleveland, $250,000; Merrill, Turben & Co., Cleveland, $200,000; Milwaukee Company, Milwaukee, $250,000; Moore, Leonard & Lynch, Pittsburgh, $150,000; F. S. Moseley & Co., Boston, $500,000; Mullaney, Ross & Co., Chicago, $100,000; Maynard H. Murch & Co., Cleveland, $150,000; Newhard, Cook & Co., St. Louis, $150,000; Ohio Company, Columbus, $100,000; Paine, Webber, Jackson & Curtis, N. Y., $500,000; Arthur Perry & Co., Inc., Boston, $150,000; Putnam & Co., Hartford, $150,000; Reinholdt & Gardner, St. Louis, $150,000; E. H. Rollins & Sons, Inc., N. Y., $500,000; L. F. Rothschild & Co., N. Y., $200,000; Schoellkopf, Hutton & Pomeroy, Inc., $200,000; Schwabacher & Co., San Francisco, $250,000; Singer, Deane & Scribner, Pittsburgh, $150,000; Smith, Barney & Co., N. Y., $1,000,000; Starkweather & Co., N. Y., $150,000; Stein Bros. & Boyce, Baltimore, $250,000; Stern Brothers & Co., Kansas City, $150,000; Stifel, Nicolaus & Co., Inc., St. Louis, $200,000; Stix & Co., St. Louis, $100,000; Stone & Webster and Blodget, Inc., N. Y., $750,000; Stroud & Co., Inc., Philadelphia, $250,000; Swiss American Corp., N. Y., $250,000; Union Securities Corp., N. Y., $750,000; G. H. Walker & Co., St. Louis, $250,000; Wertheim & Co., N. Y., $300,000; White, Weld & Co., N. Y., $750,000; Whiting, Weeks & Stubbs, Inc., Boston, $250,000; Wisconsin Company, Milwaukee, $500,000; and Dean Witter & Co., San Francisco, $500,000.

BURTONITE CORPORATION

Burtonite Corporation has filed a registration statement for 10,000 shares of 7% preferred stock and 15,000 shares of common, no par.

Address—2500-22 Fisher Street, Fort Worth, Texas.

Business—Manufacture of face brick.

Offering—Present offering consists of 2,000 units, each unit consists of four shares preferred and one share common, price per unit is $10.

Underwriting—None. Distribution is to be made by direct sales by the corporation of its treasury stock.

Proceeds—Expansion of plant facilities, installation of additional equipment and for working capital.

Registration Statement No. 2-5105. Form S-2 (3-5-43).

CELOTEX CORPORATION

Celotex Corp. has filed a registration statement for 75,000 shares of common stock, no par value.

Address—120 South La Salle Street, Chicago, Ill.

Business—Company is engaged in the building material business.

Underwriting—There are no underwriters.

Offering—The 75,000 shares of common will be offered by the company at $10.50 per share only to a selected group consisting of employees of the company, including officers and directors and those serving in a professional or advisory capacity and a limited group of persons having long standing business relations with the company to be selected by the board of directors. Statement says that recently, while the company was carrying on negotiations to augment its working capital by the issuance and sale of common stock, a substantial group of key employees of the company including certain officers and directors, joined in the formation of a syndicate with a view to the purchase of a large block of outstanding common stock from a single source which had indicated a willingness to sell. When reasons arose whereby the proposed purchase could not be carried out, the group acting through the syndicate requested the company to afford the syndicate members, as well as other employees, the opportunity to purchase the stock of the company then proposed to issue, at a price to net the company the same amount as though such stock were marketed through then available investment banking channels. The board determined that the stock to be sold should be offered to the selected group at a price of $10.50 per share. The syndicate has formed a voting trust for the common stock of the company.

Proceeds—Entire proceeds from the sale will be received by the company and used for additional working capital and for other corporate purposes.

Registration Statement No. 2-5112. Form A-2 (3-24-43).

Amendment filed May 17, 1943, to defer effective date.

CELOTEX CORPORATION

Bror Dahlberg, O. S. Mansell and Andrew J. Dallstream, voting trustees, have filed a registration statement for voting trust certificates for 150,000 shares of common stock of Celotex Corp. common stock, no par value.

Offering—(See Celotex statement No. 2-5112.) The syndicate has formed the voting trust for the common stock of the company, and an opportunity will be afforded to the members of the syndicate (mentioned in statement No. 2-5112) and to all others who purchase such stock, to deposit their shares of common stock thereunder and receive voting trust certificates. Additional shares of common may be deposited upon application of the holder and with the consent of the voting trustees, but voting trust certificates are not to exceed 150,000 shares of common stock.

Purpose—To form voting trust.

Registration Statement No. 2-5113. Form F-1 (3-24-43).

Amendment filed May 17, 1943, to defer effective date.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage Bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956 and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed May 10, 1943, to defer effective date.

MERCANTILE PROPERTIES, INC.

Mercantile Properties, Inc., has filed a registration statement for $3,100,000 secured sinking fund 4½% bonds due May 1, 1963.

Address—60 Wall Street, New York City.

Business—Owns two commercial buildings in New York City, each of which is rented to F. W. Woolworth Co.

Underwriting — Principal underwriters are Laird, Bissell & Meeds and Spencer Trask & Co., both of New York City.

Offering—Price to the public will be supplied by amendment.

Proceeds—Net proceeds will be used, together with any necessary funds from its treasury, to redeem all of its presents outstanding secured sinking fund 5½% gold bonds in the face amount of $3,031,000.

Registration Statement No. 2-5135. Form S-1 (4-29-43).

In an amendment to its registration statement dated May 17, Mercantile Properties, Inc., gives the offering price to the public on its proposed issue of $3,100,000 secured sinking fund 4½% bonds due May 1, 1963, at $1,000 per unit, plus accrued interest from May 1, 1943, to date of delivery.

The underwriters and the face amount of bonds to be purchased by each are given in amendment as follows: Laird, Bissell & Meeds, N. Y., $600,000; Spencer Trask & Co., N. Y., $600,000; Graham, Parsons & Co., Philadelphia, $300,000; Hornblower & Weeks, N. Y., $300,000; Kidder, Peabody & Co., N. Y., $300,000; Paine, Webber, Jackson & Curtis, N. Y., $300,000; Minot, Kendall & Co., Inc., Boston, $225,000; Tucker, Anthony & Co., N. Y., $200,000; Biddle, Whelen & Co., Philadelphia, $175,000, and Schirmer, Atherton & Co., Boston, $100,000.

MIDLAND COOPERATIVE WHOLESALE

Midland Cooperative Wholesale has filed a registration statement for $500,000 4% 15-year subordinated debenture notes.

Address—739 Johnson St., N. E., Minneapolis, Minn.

Business—Registrant is a cooperative association organized under the laws of Minnesota. It is a non-profit association. All of its common or voting stock is owned by cooperative associations doing business in the States of Minnesota, Wisconsin, Iowa, North and South Dakota. More than 85% of the common stockholders are associations of farmers.

Underwriting—None.

Offering—At face value. The notes will be dated as of the date of sale. Each note will mature on or before 15 years from its date. The notes will be issued in denominations of $25, $100, $500 and $1,000.

Proceeds—Will be used for part purchase of a refinery for the refining of gasoline, kerosene and other light oils, located at Cushing, Okla., together with pipelines, tanks, tank cars and inventories.

Registration Statement No. 2-5107. Form A-2. (3-17-43).

Amendment filed May 6, 1943, to defer effective date.

In an amendment filed April 5, 1943, company proposes to issue 5,000 shares of 3% non-cumulative preferred stock B, par $100, and reduces the amount of subordinated debentures to be issued to $250,000, the latter to be sold only to company's common stockholders at $100 per unit.

STANDARD STEEL SPRING CO.

Standard Steel Spring Co. has filed a registration statement for 218,962 shares of common stock, par value $1 per share, and subscription warrants evidencing subscription rights in respect of such shares of common stock.

Address—843 Fourth Ave., Coraopolis, Pennsylvania.

Business—In 1941, prior to the entry of this country into the war, the principal products of the company and its wholly-owned subsidiary, included steel automobile, truck and tractor leaf springs, automobile and truck bumpers, steel gratings and treads, universal joints and assemblies, propeller shafts, steel spring parts, etc. Company now processes and fabricates armor plate, produces bomb bodies and has recently undertaken on a small scale the plating of certain aircraft parts.

Underwriting—Kuhn, Loeb & Co. is named principal underwriter. Names of other underwriters will be supplied by amendment.

Offering—Holders of common stock of record 3 p. m. May 13, 1943, are to be offered rights to subscribe to the new common stock at the rate of one-fifth of a share for each share of common held, at a price to be supplied by amendment. Such rights will expire at 3 p. m. May 24, 1943. Unsubscribed stock will be purchased by the underwriters and offered to the public at a price to be named by amendment.

Proceeds—Net proceeds from the sale of the securities will be added to the working capital of the company. The company may determine at a later date to apply part of the net proceeds to the prepayment of all or part of a long term bank note due in instalments to Dec. 15, 1951. Unpaid balance as of April 15, 1943, was $845,000.

Registration Statement No. 2-5127. Form A-2 (4-22-43).

Registration statement effective 11:30 a.m. EWT on May 13, 1943.

YORK CORRUGATING CO.

York Corrugating Co. has filed a statement with the SEC for 50,000 shares of common stock, $1 par value. The stock is presently issued and outstanding and does not represent new financing.

Address—Adams Street and Western Maryland Railroad, York, Pa.

Business—Normal manufacturing facilities are primarily designed for pressed, drawn and stamped metal products. About 95% of the company's manufacturing facilities are now devoted to war production.

Underwriting—Floyd D. Cerf Co., Chicago, is named principal underwriter.

Offering—Offering price to the public is $6.50 per share. Selling stockholders are Western National Bank of York, Pa., as trustee under the Benjamin S. Taylor Trust 28,013 shares, and Dr. Charles P. Rice, York, Pa., 30,750 shares.

Proceeds—To selling stockholders.

Registration Statement No. 2-5118. Form S-2 (3-30-43).

Registration effective 12 Noon (EWT) on May 1, 1943, as of 5:30 p.m. (EWT) May 18, 1943.

(This list is incomplete this **week**)

All NY Mutual Banks To Be FDIC Members

Elliott V. Bell, New York State Superintendent of Banks, and Myron S. Short, President of the Savings Banks Association of the State of New York, announced jointly on May 17 that arrangements have been made with Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, for admission into the FDIC of all mutual savings banks in the State not now members of the Corporation.

The savings banks now members of the FDIC and those which have already adopted resolutions to become members have approximately 91% of all of the savings bank deposits in the State. The rest of the savings banks are taking action as rapidly as their trustees can meet. It is anticipated that the entire program will be completed by June 1.

The State Banking Department's announcement explained:

"The arrangements worked out by Mr. Bell, Mr. Short and Philip A. Benson, President of the Dime Savings Bank of Brooklyn and a member of the Banking Board with Mr. Crowley call for continuance of the Mutual Savings Banks Fund as a repair fund. However, no further assessments are to be paid into it. In connection with the program it is expected that the Mutual Fund, should the need arise, will make contributions to the surplus of some of the savings banks admitted to the FDIC. A corps of examiners of the FDIC has been working with the staff of the Banking Department in the expediting of the admission of the savings banks to the FDIC.

"Eleven savings banks, with 26.5% of the $5,677,000,000 of deposits in the mutual savings institutions in the State, are now members of the FDIC. The boards of trustees of Mutual Fund members having an additional 65% of all savings bank deposits in the State have already passed resolutions to apply for FDIC membership.

"When the Federal Deposit Insurance Corporation began business in 1934, all of the savings banks in this State were members. In 1935, however, all but two of the savings banks withdrew and established the Mutual Savings Banks Fund for the insurance of their deposits. In the last four years nine savings banks have withdrawn from the Mutual Fund and become members of the FDIC. Thus, of the 132 savings banks in the State, 121 are now members of the Fund.

"In discussions in recent weeks between Mr. Bell and Mr. Crowley, a basis for admitting to the FDIC all of the savings banks in the State was arrived at. The plans call for continuance of the Mutual Fund as a repair fund, the setting up of a Separate Fund for Mutuals in the FDIC if the savings bankers favor it, the establishing by Mr. Crowley of an advisory council on savings banks, and the adoption of a preferred assessment rate for savings banks if experience warrants it."

In commenting on the action, Mr. Bell said:

"Provision of Federal deposit insurance for our mutual savings banks is a great constructive step. It will tend to strengthen the entire banking system of our State. The action has the complete approval of the Banking Board and I have strongly recommended it. The savings bankers and Mr. Crowley have been completely cooperative in the carrying out of the program. In recent years the position of our savings banks as of all other banks in the State has been greatly strengthened. With the broad over-all coverage of Federal deposit insurance and with our Mutual Savings Banks Fund available for repair work, our savings banks can look forward with complete confidence toward whatever problems they may have to face in the post-war period."

Mr. Short had the following to say:

"Consistent with the traditional policy of providing the highest possible safety for the deposits entrusted to them, the savings banks of New York State, most of which have been operating their own fund for the insurance of their deposits, are now about to offer the additional protection afforded through membership in the Federal Deposit Insurance Corporation. It is anticipated that all of the savings banks of the State not already in the FDIC will take advantage of this further safeguard for the savings of their 6,000,000 depositors."

House Again Rejects Skip-Year Tax Bill

For the third time, the House on May 18 by a vote of 202 to 194, rejected the modified Ruml skip-a-year income tax bill. This action came on a motion to instruct its delegates to a joint Senate-House conference committee to accept the Senate-approved bill, which would abate the lesser of either 1942 or 1943 taxes for all individuals except those with "windfall" incomes. President Roosevelt had informed Congress just prior to the Houses's decision that he was opposed to full cancellation of a year's income taxes and inferred that he would veto such a measure.

Since the House conferees will now enter the conference uninstructed it is believed that a new deadlock on the pay-go issue will result. A compromise patterned after the House measure for 75% forgiveness is predicted as a possibility. However, final agreement must be completed by next week otherwise, it is said, it will be too late to put the withholding tax into effect by July 1.

Two weeks ago (May 4) the House rejected the modified Ruml plan 206 to 202 and passed a bill by Representatives Forand (Dem., R. I.) and Robertson (Dem., Va.) abating approximately 75% of the 1942 tax liabilities through the cancellation of the 6% normal and 13% first bracket surtax on last year's income for all taxpayers.

The Senate on May 14 substituted its own bill, approving by a 49 to 30 vote the modified Ruml skip-a-year plan. Both Senate and House measures call for the launching of a 20% withholding levy July 1.

Senator George (Dem., Ga.), Chairman of the Senate Finance Committee, opposed the modified Ruml plan bill and proposed instead to abate 75% of the lesser of either 1942 or 1943 taxes. This was voted down by 50 to 32. However, the George plan which is similar to the House's measure, is looked upon as a possible compromise.

Foresees 15 Million Jobless After War

Major General Philip B. Fleming, Federal Works Administrator, in an address on Tuesday of last week, at the Sales Executive Club of New York, at the Hotel Roosevelt estimated that a $15,000,000,000 annual post-war outlay for public and private construction will be required to provide employment for about 8,000,000 persons to avoid a post-war depression; this was indicated in the New York "Herald Tribune" which continued in part as follows:

"Regarded as an asset rather than a liability, this labor could be used in a program he forsees which includes 1,000,000 new homes a year for ten years, new highways and repairs for old ones, hospitals, airfields, schools, soil conservation and flood-control works.

"General Fleming arrived at his estimate of the annual cost of the program on the basis that it requires $6,000,000,000 spent for construction to give jobs to 1,000,000 men at the site for one year. To provide jobs for 2,500,000 would, therefore, cost about $15,000,000,000 a year.

"The significance here," said General Fleming, "is that an annual expenditure for construction of $15,000,000,000 would provide jobs for about 8,000,000 persons, both on and off the site."

"Where are the $15,000,000,000 to come from?" continued General Fleming. "Perhaps it may be expected that private construction will provide half. That may be too generous an assumption. There has been so much plant expansion during the war that it seems unlikely there will be much need for further large scale industrial building immediately afterwards. In any event, it will be up to government to make up the difference between what private business can furnish and the amount needed. I don't presume to say how government should provide its share or on what terms. That is up to Congress, the state legislatures and the various municipalities."

"General Fleming said he based his unofficial estimates on labor potential figures prepared by a Washington economist. This economist's figures point to around 15,000,000 persons without jobs after the armistice, he added.

"Our economist predicts," said General Fleming, "that immediately after the war about 6,000,000 workers will have to be discharged from such industries as aircraft production, shipbuilding and machine building. Another group of industries, now under the wraps of war-time control, will probably add an additional 1,000,000 workers, leaving a net loss in manufacturing of 5,000,000.

"In addition, it would seem that transportation will have to discharge about 400,000 workers. Two million will lose their jobs in government service—which probably will occasion considerable rejoicing on the part of the taxpayers. Assuming 11,000,000 men in the armed forces, this economist thinks that perhaps 7,500,000 will be discharged at once, leaving 3,500,000 under arms somewhat longer for police duty in various parts of the world."

Of the 15,000,000 thus estimated, General Fleming assumed that 5,000,000 will retire from the labor market, including women who will return to homemaking. He also assumed that 2,000,000 of the less physically fit will be carried as permanently unemployed, that 2,000,000 will return to agriculture, that 1,000,000 will get jobs in service and finance, that another 1,000,000 will find employment as servants or become self-employed, and that trade will absorb 2,000,000.

"Still," said General Fleming, "there would be 2,000,000 employables left over, and it is this group that must be put to work immediately to fill in the gap between the armistice and the time private industry can reconvert to full peacetime activity. This 2,000,000 would join 500,000 workers in the construction industry at the peak of the war effort.."

Wood Pulp Producers To Withhold 20% Of Output

All producers of wood pulp have been ordered by the War Production Board to withhold 20% of their production of all types of wood pulp during the month of June and each month thereafter, and to make deliveries of such withheld tonnage only as ordered by WPB, it is announced.

To assure the manufacture of adequate paper and paperboard to meet wartime demands from available wood pulp, the "withholding clause" of General Preference Order M-93 was invoked through the issuance of Supplementary General Preference Order M-93-a, effective May 4.

This action was anticipated when the May pulp allocations were announced, in view of the shortage of several essential types of wood pulp, particularly unbleached kraft (sulphate), inventories of which grade of pulp are now reduced to a twenty-day basis.

The Pulp and Paper Division of the WPB announced that in the allocation of wood pulp for June shipment it will be necessary to withhold pulp from less essential paper products in order to provide pulp for the manufacture of relatively more essential paper products and to meet Lend-Lease and Latin American obligations. Attainment of the War Production Board objectives may, in some instances, require the allocation of pulp from integrated to non-integrated mills where such action is deemed to be in the best interest of the war effort. It is not to be inferred, however, that the entire 20% withheld under order M-93-a will necessarily be diverted away from the operations of each integrated mill, because in many cases all or most of the withheld wood pulp will be allocated back to the producer.

In the case of market mills, the 20% withholding provision will require that they refrain from scheduling this amount to consumers. The War Production Board may allocate this tonnage fully when returning Form PD-292 to the pulp producers, or it may leave some portion for interim emergency allocations during the delivery month. In any case, producers will receive instructions as to the disposal of withheld tonnage in ample time for them to plan their deliveries accordingly.

While the wood pulp shortage has reached the point where it is deemed necessary to invoke the withholding clause of Order M-93, the power to allocate such withheld tonnage will be used only to provide for the safeguarding of production which is considered important to the war effort.

Renewal Plans Set For 'Gas' Coupons

Plans by whcih 25,000,000 car owners and 160,000 motorcylists may renew their present basic gasoline rations ("A" and "D" coupons books) by mail were announced on May 16 by Price Administrator Prentiss M. Brown.

Specific provisions for mail renewals for ration holders whose basic books will expire on July 21 are contained in a new amendment to the gasoline rationing regulations. These provisions will apply to books held by motorists outside the Eastern gasoline shortage area, and by motorcycle owners throughout the country.

While final plans for Eastern motorists, whose basic rations will expire at a later date, are not completed, arrangements for renewal by mail will be similar, Mr. Brown said. "A" books in the East will not expire July 21 because of recent OPA action extending the Period "A-5" coupons from two months to four months (March 22 through July 21). The "A-6" coupons in these books will become valid on July 22.

This is the third big job connected with rationing that is to be handled through the mails to save the public time and trouble. the others are the issuance of War Ration Book No. 3 and the renewal of fuel oil rations.

Under the streamlined procedure which eliminates another registration at school or ration board sites, a motorist outside the Gasoline Shortage Area will:

1. Pick up a simple application from any time beginning about June 22 at a service station or other conveniently located place designated by his local ration board.

2. Fill out the form and mail it to his War Price and Rationing Board together with (a) the signed back cover of his present "A" book, and (b), his current tire inspection record showing that proper inspections have been made.

Jas. H. Oliphant & Co. Operating Results

Condensed Statement of Financial Condition, March 31, 1943

ASSETS	
Current Assets—	
Cash in bank and on hand	$402,383
Drafts receivable (since coll.)	2,480
Clearing fund deposits	42,156
Deposits on acct. of secs. borr.	142,900
Receivable from other brokers or dealers on acct. of securs. sold but not delivered	381,347
Receivable from other brokers on acct. of "future" commodity accounts	3,193
Receivable from customers:	
Debit bals. in "margin" accounts, in which the margin, in ea. case, is equal to or greater than N. Y. S. E. requirements & bona fide "cash" accounts	1,779,693
Securities owned by firm—at quoted market value	12,760
Securities contrib. by partners as capital—at quot. mkt. val.	1,115,785
Miscell. curr. assets such as revenue stamps, etc.	32,551
Total current assets	$3,915,246
Other Assets—	
Membership in Exchanges — at last sale prices	45,200
Furniture and fixtures (nominal value)	1
Miscell. unsecured receivs. (less reserve, $20,888)	-----
Total	$3,960,447
LIABILITIES	
Current Liabilities—	
Money borrowed on securities	$300,000
Depos. on acct. of secs. loaned	107,900
Pay. to other brokers or dealers on acct. of securs. bought but not received	291,658
Payable to customers:	
Free credit balances	1,268,721
Credit bals. in "margin" accounts, in which the margin, in each case, is equal to or greater than N. Y. S. E. requirements, and bona fide "cash" accounts	393,325
Equities in "future" commodity accounts	3,494
Dividends pay. & unclaimed	6,483
Miscell. curr. liabs. such as commiss., taxes, exps., etc. (incl. res. therefor)	15,704
Total current liabilities	$2,387,284
Net worth	1,573,163
Total	$3,960,447

Note: Contingent liabilities of the Firm at March 31, 1943 consist of items such as open trades not yet recorded because of terms of delivery, and when-issued contracts all of reasonably definite nature which would make no material change in the above statement on the basis of quoted market values at March 31, 1943.

HAnover 2-0050 Teletype—N. Y. 1-971
Firm Trading Markets
SUGAR SECURITIES
All Issues
CARL MARKS & CO. INC.
FOREIGN SECURITIES
SPECIALISTS
50 Broad Street New York City

Our Reporter On "Governments"

By S. F. PORTER

This market is terrific. . . . Again, that's the only word which rushes to the typewriter keys. . . . Maybe it won't be so terrific next week or the week after, but at this writing, the action of the market is so good that the dealers in Wall Street can't believe their own quotations. . . . Everyone seems to be buying. . . . Selling is slight, healthy, generally representative of switching. . . . It's just one of those periods when "one-way street" seems to be the catch-phrase. . . . And unless the totally unexpected occurs, there is no reason to anticipate anything except normal corrections. . . .

Perhaps some discouraging news from abroad could hurt the list now. . . . Surely, that deserves mention. . . . But as one trader expressed it, "Even if we do get a bad break, all of us know we're going to win the war eventually, so why should we get into a panic?" . . . Whether true or not, that comment reflects the general sentiment among the professionals at this time. . . .

As for specific market actions, the tax-exempts and the new issues are leading the list, and rightly so. . . . The premiums on the new 2s and 2½s are a story in themselves but half-point premiums within 10 days after the closing of books on the greatest financing in world history tells enough of the tale at the start. . . . As for tax-exempts, news stories on the pending revenue bill are now coming out, are going to absorb the headlines over the next few months. . . . And any large-scale investor who needs tax-exemption and doesn't own tax-exempts just shouldn't occupy a position where he can handle a portfolio. . . . That's blunt but it's the truth. . . .

THE 2¾s AGAIN

Last week, this writer suggested a study of the 2¾% bonds of 12/15/65/60. . . . When the column went to press, the issue was selling at a premium of 10½ points and the remark was, "There's a point or more in the 2¾s from this day on." . . .

Now look. . . . As this is being written, the 2¾s of 65 are selling at 111.11. . . . Almost a point in a week! . . .

No more need be said about that advice. . . . It's worked out so fast that it's even startling to the people who gave it. . . .

Now what? . . . . Well, a check with experts again suggests that the 2¾s still are one of the cheapest issues and one of the most attractive issues on the board. . . . The issue is tax-exempt. . . . It's in the intermediate maturity classification, coming right before the 2½s being sold on a war financing basis. . . . It is a well-absorbed bond and has considerable investment backing. . . .

And as for its price possibilities, consider these points:

(1) The yield on the 2¾s after taxes—which is the only way to figure one of these bonds—is 1.66% at a price of 111.11. . . .

(2) The yield, then, is the highest on the board, comparing with 1.46% on the 2½s of 1967/62, with 1.48% on the 2½s of 1968/63 and 1969/64 and with 1.46% on the 2½s of 1972/67. . . .

(3) These last four bonds are taxable, are outstanding in much larger amounts and haven't anywhere near the market following as the 2¾s. . . .

(4) Another comparison with the 2¾s might be the 2½s of 1958/56, selling to yield 1.28% after taxes. . . .

Take off 20 basis points, if you will, for the fact that the 2¾s are selling at a high premium and for safety sake. . . . Be as conservative as you like and just throw away 20 basis points from that 1.66% yield. . . .

The 2¾s still compare with the best yield available on the board. . . . They're still right out in front—and with a 20 basis point cushion in addition. . . .

And now consider the possibilities if this market remains strong and if prices go up generally. . . . The 2¾s can run right ahead even from this level. . . .They can reach 114¼, if a 20 basis point change is to be made. . . .

Of course, 114 as compared with a present price of 111⅜ is looking ahead pretty far. . . . But that's the way some of the dealers are talking. . . . And if you're bothered about holding these bonds at this premium, these points are worth serious study. . . .

If you followed the advice in this column, of course, you're well protected now with a cushion and can afford to take a chance on further appreciation plus tax-exemption. . . .

THE 2½s

The initial flurry in the market over the 2s now seems to be over and the 2½s are coming into their own. . . . Considerable switching is reported from the 2s into the 2½s and from bonds around the 2½% maturity range into these new securities. . . . The 2½s are a good bond. . . . They are outstanding in tremendous amounts, of course—the total is $3,738,000,000—but they've been bought by permanent investors and there's little worry on the side of large-scale liquidation at any time. . . .

Might be a good switch to get into these for a short pull. . . . If you're interested in trading in and out, these bonds will give you the activity you want and need. . . .

MORGENTHAU'S PLANS

Latest statements by the Secretary indicate that we may see a repayment rather than a refunding of the $454,000,000 of 3⅜s of 6/15/47/43 and of the $629,000,000 of 1⅛s of 6/15/43, coming due this June 15. . . . It's just a guess at this moment but his remarks of the last few days suggest this might be the schedule:

The billion-dollar-plus maturity of June will be paid off in cash. . . . By so doing, Morgenthau will do away once and for all with the "right" theory in this market and holders of bonds will get out of the habit of expecting a market premium on a new issue when they hold their bonds until the last day. . . .

Then the Treasury will return to the market in July and borrow some new money on a short-term issue from the banks. . . . At the same time the $1,609,000,000 issue of ⅞% certificates coming due August 1 may be rolled over, and so Morgenthau will have an excuse for a large short-term borrowing from the banks at that time. . . .

Then in September another war-loan drive will be started. . . . And the banks will be excluded from this one. . . . The concentration will be on non-banking institutions and on individuals. . . . The banks won't be permitted to come in at all except through purchases of the discount bills sold from week to week. . . . And there'll be no criticism about inflationary borrowing at that crucial moment in political and military history. . . .

It makes sense and it sounds exactly right. . . . There has been a build-up for excluding the banks from the next campaign all along, and in the last few days the stories out of Washington have had all the earmarks of "feelers" along this line. . . . For instance, when Federal Reserve Board Chairman Eccles testified before the House Banking and Currency Committee several days ago, he remarked that the last campaign was not particularly successful despite the amount of money raised because not enough of the loan went to individual investors. . . .

"The success of bond drives depends not on the amount of money taken in by the Treasury but on the amount raised from individuals and corporations other than commercial banks," he declared. . . . And when asked by committee members whether commercial banks could be excluded from special drives, he answered "this not only could be done but should be done." . . .

Eccles is not just talking to the committee members. . . . He's talking to the country. . . . And so are all of the Treasury representatives now speaking about the last drive as "successful but not successful enough." . . .

Which would bring us back to that timing schedule. . . . As far as buyers are concerned, just knowing what's ahead in timing should give them an extra advantage. . . .

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Canadian Mfg. Output At New High In April

Canadian manufacturing output reached a new high point in April, the index of industrial activity prepared by the Canadian Bank of Commerce, Toronto, at the mid-month being 209 (1937 = 100) against 208 at mid-March and 164 in April, 1942, while the percentage of capacity utilized rose from 129 to 130, according to S. M. Wedd, General Manager of the bank.

"The main factor in the recent increase was the food group, chiefly meat-packing," Mr. Wedd stated. "The clothing group was unchanged, but slight increases were recorded in forest products. A moderate rise occurred in the automotive trades. The other iron and steel trades as a whole, however, declined slightly, although the percentage of factory capacity rose, indicating that the maintenance or acceleration of activity is mainly in the moderate-sized and smaller plants with a comparatively low proportion of the total output.

"Our total wage payroll index for March at 228 (1937 = 100) reached the highest level since last December, while that of the manufacturing section at 257 was the highest on record. The corresponding indexes for February were 214 and 239. The increase in March was due in part to the greater number of paydays and certain quarterly adjustments."

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The Business Man's Bookshelf

ABSENTEEISM — Guide for Plant Labor-Management Production Committees in dealing with Absenteeism — War Production Drive Headquarters, War Production Board, Washington, D. C.—Paper.

BRASS MILL OPERATIONS—Questions and answers relating to brass-mill operations under the Controlled Materials Plan—War Production Board, Washington, D. C.—Paper.

BRAZIL IN THE MAKING—Jose Jobim—The Macmillan Co., 60 Fifth Ave., New York City—Cloth — $3.50 (publication date May 25).

CON ROLLING ABSENTEEISM—A Record of War Plant Experience—United States Department of Labor, Division of Labor Standards — Superintendent of Documents, U. S. Government Printing Office, Washington, D. C.—Paper—10 Cents.

EMERGENCY WAR AGENCIES HANDBOOK—Office of War Information — Superintendent of Documents, Government Printing Office, Washington, D. C.—Paper—20 Cents.

Clothing Stock Looks Good

An interesting descriptive circular on Fashion Park, Inc., which the firm believes offers attractive possibilities, has been prepared for distribution by Simons, Linburn & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had from Blauner, Simons & Co. upon request.

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The Commercial and
FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

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The Financial Situation

The New Deal program was launched in 1933 and the years immediately following with a great deal of emphasis upon "objectives." These objectives, though always so vague as to be almost meaningless, were often in themselves unobjectionable. The people of the country were in a rather desperate frame of mind and business leaders for the most part in an apologetic mood. There was, accordingly, so much acclaim for "objectives" and so little hard-headed study of ways and means that the New Deal swept everything before it and initiated a movement that has done incalculable damage to wage earners, employers and the public alike.

International Currency "Objectives"

Precisely the same danger exists today in respect of post-war planning. Among the multitude of post-war plans the suggestions of Lord Keynes of Great Britain, and our own Treasury Department, that a new type of super-stabilization fund (or bank) be organized for the purpose of managing world currencies after the war seem now to be gaining headway for about the same reasons which made possible the New Deal and its fiascos. So conscious are financial authorities of the certainty of difficulties in the international exchange markets in the early post-war years and so high-sounding and altogether desirable do the "objectives" sought appear to the uninformed that we have a situation in which these fantastic plans gain substantial momentum while even the skeptical usually find it necessary to begin their objections with an avowal of sympathy with "objectives."

Popular Misconceptions

One of the great difficulties in opposing such proposals as these in the court of public opinion is the fact that the subject is so intricate and proposed remedies apparently so simple. The man in the street—yes, and more than a few solid business men who have had no occasion to familiarize themselves with the innumerable factors which govern the

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Uncertainty Of Govt. Attitude To Private Enterprise Is Dangerous

America's Post-War Dilemma Is To Face Realism Declares Crawford, NAM Head

The assertion that "the big post-war planning decision for the American people is whether they want to continue to emasculate our economic system into a nondescript, unworkable combination of impossibilities, or whether they want to get back to the proven workability of free competitive enterprise," was made by F. C. Crawford, President of the National Association of Manufacturers, before the Economic Club of Chicago earlier this month. Mr. Crawford, who is also President of Thompson Products, Inc., declared in his address that "the greatest drawback to prosperity in the post-war era is the uncertainty of Government's real attitude toward private enterprise." Mr. Crawford told the gathering that "America's post-war dilemma is to face realism after years of seeking the easy detour around orthodox economics," and he added:

F. C. Crawford

"We tried to escape the rigors of depression by political tinkering in economic fields and stopped the nation cold in its tracks for the first static decade in history.

"Even now we seek to escape the universal sacrifices vital to victory by log-rolling and 'special - privilege - playing-with-inflation.'

"Realism must discedit any idea of a pleasant sacrifice-free post-war period in which, having accepted the great gamble and wastage of war, we can escape paying the grim fiddler—Mars.

"We'd better be sure we're planing the right way to a better post-war world, and not just a comfortable experiment that postpones reckoning with the facts.

"We must not practice the escapism of trying to make an agreeable economic emulsion out of two incompatible theories—private enterprise and State socialism.

"Our post-war choice lies between a nation of strong indi-

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Preserve Free Enterprise, Senator Byrd Urges; Decries Administration Extravagance, Ineptitude

Measures for the preservatioin of the free enterprise system after the war were offered on May 14 by Senator Harry F. Byrd (Dem.) of Virginia, in an address at the dinner of the New Jersey Bankers' Association, held in New York at the Hotel Pennsylvania. Senator Byrd, who was critical of the Administration's labor policies, and particularly with the stand in dealing with John L. Lewis, President of the United Mine Workers, indicated that while he intended to support President Roosevelt in all measures necessary for victory in the war, he would oppose domestic policies which do not contribute to the war program and tend to undermine our democratic form of government by autocracy and waste. The Senator was quoted to the foregoing effect in the New York "Times" of May 15, in which it was noted that he, in addition to criticizing the Roosevelt Administration for its handling of the labor problem, also declared against its extravagance in spending and for ineptness of a growing bureaucracy. In its account of what Senator Byrd had to say, the "Times" stated:

Harry F. Byrd

During the latter part of his speech Senator Byrd said that the private enterprise system could be destroyed by any one of three ways: by excessive and exorbitant taxation; by senseless, unnecessary regimentation, and by Government competition with private business, and suggested a seven-point program at the end of the war to prevent this.

"In the labor difficulties which have retarded our military production with strikes, which have occasioned a loss of nearly five million man-days since Pearl Harbor, the Administration is reaping the reward of its own weak and indecisive labor policies," he said. "In my judgment the labor difficulties that have been continued for the past six years began when Madame Perkins condoned, with the acquiescence of the President, the sit-down strikes in 1937, and they have continued without interruption ever since.

"The President in the circumstances had no recourse except to seize the coal mines. To seize and operate an industry by the Government, however, is not a solution of labor controversies. It is entirely possible and probable that John L. Lewis prefers to see the coal mines of America nation-

(Continued on page 1891)

Americanism Stands For Freedom And Brotherhood Of Plain People

Hope And Glory Of America In The Future, Not The Past, Says Vice-President Wallace

Vice-President Henry A. Wallace declared on May 17 that "Americanism in its deepest meaning stands for the freedom and the welfare and the brotherhood of the plain people of the world, wherever they may be," and that "the hope and glory of America is in the future and not in the past."

Speaking before an estimated 1,000,000 people at the "I Am An American Day" exercises in New York City's Central Park, Vice-President Wallace said that when victory is won the people of the Western Hemisphere will have an opportunity to set the example for the people overseas by its "ideals of democracy and peace and tolerance and good - neighborliness." Mr. Wallace, in asserting that "we have faith that some day these ideals will become the guiding stars of nations everywhere on this globe," stated that "then only can we be sure that the sacrifices of today have not been made in vain."

Henry A. Wallace

The Vice-President related some of his experiences on his recent tour of seven Latin-American countries and emphasized that we in the United States possess no monopoly on the name "American."

Mr. Wallace pointed out that it was only within the last several years that most of us began to appreciate "what it really means to be an American, what it really means to enjoy the blessings of freedom and democracy," adding that the nation has rededicated itself to the age-old fight to keep the fires of freedom burning.

In part, he said:

"We English-speaking Americans are only half the Americans of the New World. The other half, whether they speak Spanish, Portuguese or French, whether they speak Quechua, Aymara, Guarani,

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From Washington Ahead Of The News

By CARLISLE BARGERON

One of the funniest things in America-at-war is that millions of people think that the great worry for the past several weeks has been whether we had a coal strike or not. Commentators went on the air to assure us that if there were a coal strike there would have to be a dim-out all over the country and that the business of railroad travel would be cut down to the point that even the little camp followers, those soldier wives who are running up and down the country following their husbands from camp to camp, some with babies in their arms and the others not so apparent, would have to keep off the trains.

Also these commentators assured us that the boys in Tunisia—this was before they got to Tunis and Bizerte—were being sabotaged. Mr. Roosevelt went on the air and called the attention of the miners to the fact that their sons were over there in Africa. It has been one of the greatest periods of excitement through which we have ever gone.

This is to report that there is not a newspaperman in Washington who does not know that official, Bureaucratic Washington, has never for an instant been worried about a stoppage of coal production. The effects of such a stoppage and the real ways in which to deal with it have never at a single time been uppermost in the minds of our rulers. The situation has been such that few

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The Financial Situation

(Continued from first page)

international exchange markets—are easily led to suppose that what is needed is an "international currency" and that all that is required to have one which will work is to set up machinery for its creation and "management." Reasoning by false analogy, they see the dollar, for example, in use in 48 States of the American Union and can not, or do not, understand why similar procedure could not be made to work in the same way the world over. The error is one with the foolish notion that the cure for war is to be found in a "United States" of Europe or of the world.

Stabilization By Fiat

What many of them are apparently unable to understand is that neither a domestic banking system nor any international banking or currency system which will serve practical purposes adequately is, or can be, created by arbitrary fiat. Banking and currency systems are facilities to promote production and exchange of goods and services. To serve their purpose they must evolve from the economic milieu in which they are to operate. Either created from without and in the absence of full consideration of the legitimate and needed functions such systems must perform is foredoomed to failure, and in failing is very likely to do incalculable harm. An "international currency," or something which performs similar functions, would without question be a good thing to have, but what is far more essential, and what, for that matter, is a prerequisite for the establishment or maintenance of such a currency, or a practical substitute, is a set of world conditions and a pattern of world economic behavior which render it possible to have and keep such a currency.

Given these conditions a world currency (or perhaps currencies) or its equivalent in practice would present no insuperable difficulty. Indeed, it would almost certainly gradually evolve as time passed. For many years prior to 1914 we had such a currency in the pound sterling. To be sure, it was technically the currency only of one country, but in effect it served as an international currency and served well. It evolved out of a complex set of circumstances quite without international prompting. Unfortunately, even prior to the outbreak of World War I, the conditions which had given rise to and permitted the gradual perfection of this international currency had begun to disappear. *They had not changed so greatly prior to the outbreak of hostilities in 1914 that the handwriting on the wall had become* clear to a great many, but it is now evident that the change had begun. A very substantial part of what was left of these conditions and circumstances was the victim of the conflagration which followed.

Past Blunders

But habit, custom, tradition and institutions yield "slowly, giving place to new." Valiant, if not altogether wise, efforts were made for a decade or more after the close of the war to re-establish the old system as it had existed. Many thought it was being accomplished, but underlying conditions were inexorable and the attempt was a dismal failure. Many of these conditions underlying the failure were the result of plain blunders in the management of world affairs; others were the product of world economic evolution. But at any rate the struggle to re-establish a world currency in effect failed. It is evident enough now that our concern should have been with the conditions which underlay all this work in the purely financial field; that care should have been taken to avoid the essentially artificial props to the old system; and that attention should have been directed at the evolution of such modifications of the old system as inexorable changes in underlying economics made necessary.

We failed to understand this cardinal truth in those years, and the danger is that we shall make precisely the same error again. We shall be all the more likely to fall into this grievous and costly error if the rank and file of the people are encouraged to believe that by some form of banking magic these often disagreeable and painful readjustments can be avoided. We can think of no more misleading slogan for the popularization of false thinking about these matters than the term "international currency" or "Bancor" or "Unitas."

Faith In "Managed Economy"

We have no reason to believe that those in our own Treasury Department who have formulated the American scheme for an international stabilization fund—for that is what it appears to be considered by its authors—are unaware of these elementary facts. Their shortcomings are to be found elsewhere. First among their infirmities, it seems to us, is a strange faith that some body of men—yes, even a group of men politically chosen—can, first, determine in advance of a verdict of a relatively free market what the "true" relationships of the various currencies should be at any point in time, and, second, know when to act and act effectively to prevent precisely the type of errors which for so long obscured the true international financial situation during the 1920's. It is a part of the Washington blind faith in "managed economy" and a phase of that faith which simply staggers our imagination.

No one can doubt that disorganization, not to say chaos, in the international exchange market immediately after hostilities cease will present itself as a danger of first-rate importance. He would be bold indeed who denied that some sort of cooperative international action will be necessary during a brief transitional period. But we submit that the sooner the matters over which these schemes of Lord Keynes and our Treasury Department would have the politicos rule can be left and are left to the market's own determination, the better for all concerned.

Plain Common Sense

"There are two viewpoints from which this problem (of civilian supply) may be approached. Neither questions the propriety or necessity of acknowledging the first call of the armed forces on our production and resources of every character. With this common ground as a start, one school of thought maintains that we should determine quickly the minimum civilian requirements of absolute necessities and proceed to reduce our internal economy to this bedrock basis at once in the hope and belief that the particualr production facilities released will in some manner at some time be useful in further increasing production for our armed forces and those of our allies.

"The other school of thought maintains that all reasonable needs of the armed forces should be met as promptly as possible and without question but that once this is under way every reasonable step should be taken to assure the absolute maximum production of consumer goods for civilian consumption from the remaining manpower, machinery and materials.

"Which of these two schools of thought will be followed in finally establishing our over-all policies and objectives regarding our civilian economy is a highly important decision. The latter approach, that of taking all possible steps to assure the absolute maximum production of consumer goods consistent with the requirements of the military forces, is believed to be preferable. One of the objectives of many military campaigns is to weaken or destroy the civilian economy of the enemy. Isn't the protection of our own also of prime importance?"—From the annual report of Allied Stores Corporation.

There is no need to gild this lily.

The State Of Trade

Declines in steel production and electric power distribution resulted in a lowering of the weekly business index figures. However, there were no sharp declines, and most industries continue to operate at high levels.

Production of electricity for the week ended May 8 amounted to 3,903,723,000 kwh., an increase of 16% over output of 3,365,208,000 in the like week last year, and comparing with 3,866,721,000 kwh. in the previous week, according to the Edison Electric Institute. All geographic regions showed gains over a year ago, the largest being 32.9% on the Pacific Coast. The gain in mid-Atlantic States was 13.3%.

Consolidated Edison Co. of New York reported output of electricity in the week ended May 9 was 173,600,000 kwh., an increase of 18.3% over a year ago. Local distribution of electricity was up 20.4% from last year.

Carloadings of revenue freight for the week ended May 8 totaled 816,551 cars, according to reports filed with the Association of American Railroads. This was an increase of 27,768 cars from the preceding week this year, 22,735 cars fewer than the corresponding week in 1942, and 20,598 cars under the same period two years ago.

This total was 123.4% of average loadings for the corresponding week of the 10 preceding years.

Steel operations this week are estimated at 98.6% of capacity, according to the American Iron and Steel Institute. This compares with 99.4% in the previous week, a decrease of 0.8%, while output is scheduled at 1,707,400 net tons, against 1,721,300 last week. The operating rate was 99.1% and production 1,716,100 tons in the week a month ago, and the figures were 99.2% and 1,685,000 net tons of output in the same period of 1942.

New time tables, creating a variance of demands upon the nation's metals and metal-working industries, have been necessitated by the conclusion of the Tunisian campaign, the "Iron Age" states.

The review anticipates the telescoping of certain programs and the enlargement of others, with expert shipments expected to change in some respects. Changes in military strategy, however, are not seen likely to cause serious problems immediately.

Right now, says "Iron Age," the steel industry is attempting to meet the new 48-hour week order; to get set for a possible walk-out at the coal mines at the end of the current truce; to continue expediting its lagging expansion programs; to make the Central Materials Plan more workable, and to perfect operations in departments feeling severe production pressure.

Civil engineering construction in the continental United States for the week totals $90,019,000. This, not including construction by military combat engineers, contracts outside the country, and shipbuilding, is 26% above the preceding week, but 60% lower than for the 1942 week, reports "Engineering News-Record."

Public construction climbs 31% over a week ago as a result of gains in both State and municipal work, and Federal volume. Private, however, is 43% under last week. Comparisons with the 1942 week reveal public work 59% lower and private construction down 83%.

Department store sales on a country-wide basis were up 12% for the week ended May 8, compared with the like week a year ago, according to the Federal Reserve Board. Store sales were up 13% for the four weeks ended May 8, compared with the like period a year ago.

Department store sales in New York City in the week ended May 8 were 7% larger than in the like 1942 week, and in the four weeks ended May 8 scored a gain of 9% over the corresponding period last year, according to the New York Federal Reserve Bank.

Sales of New York City apparel stores in the week were up 36% over the corresponding 1942 week, and in the four-week period topped the like period last year by 25%.

An interesting item from Washington is the fact that the Government war spending rate today stands at more than $60,000,000,000 for the current fiscal year—more than $189,000,000 for each of the 317 days since last July 1.

One year ago expenditures for war purposes were slightly more than $20,000,000,000 for the corresponding period, a daily rate of about $64,000,000.

The Government's expenses for all purposes this year, including public debt retirements, exceeds $65,000,000,000, against about $25,000,000,000 a year ago.

The tremendous war bill is being paid in part from taxes, but mostly from borrowing. The Treasury has a cash balance of more than $14,000,000,000, while a year ago the balance was only about $2,500,000,000. However, this divergence does not mean that the Treasury is nearly six times better off today than it was a year ago.

Du Pont Head Opposes Post-War Planning For Industry By Govt.

Lammot du Pont, Chairman of the Board of E. I. du Pont de Nemours & Co., Inc., at a meeting of several hundred industrial executives, at Baltimore, on May 8, declared that government should not plan for industry after this war, according to an Associated Press dispatch from Baltimore on May 8, which went on to say:

"Any corporation or individual is justified in planning for himself, determining his own expansion without government interference," he said.

Photo by Wm. Shewell Ellis Studios
Lammot du Pont

He urged manufacturers to begin an educational campaign to offset what Gale G. Gettys, also a member of the Board of the National Industrial Information Committee, has described earlier in the meeting as "a $98,000,000 propaganda campaign being waged by the Administration."

"It took the country 12 years to throw out prohibition," Mr. du Pont said. "It took eight years for a reaction by vote to set in against the New Deal, but national polls show that now is a favorable time to begin educating the public in the need for free enterprise."

Economists Oppose Green Bill As Converting Silver Certificates To Irredeemable Currency

A letter in which it is asserted that committee amendments to the Green Silver Bill "will have the effect of converting our $1,703,000,000 of silver certificates into an irredeemable paper currency" has been addressed to members of the Senate and House of Representatives by Walter E. Spahr, Executive Secretary of the Economists' National Committee on Monetary Policy. Dated May 14, the letter also calls attention to a statement signed last November by 54 members of the Economists' Committee taking exception to the provision in question. Mr. Spahr's letter of May 14 to the members of Congress follows:

"On May 11 the Senate Banking and Currency Committee voted to report favorably the Green silver bill, S.35, amended, which requires that the Treasury may not sell its silver for industrial use—war or otherwise—at less than 71.11 cents per fine ounce, although the average cost to the Treasury of the silver not now held as security for outstanding silver certificates is approximately 48.5 cents per fine troy ounce as of October, 1942. This is another victory for the silver bloc.

"This bill also has in it the words 'or control' which had been removed from the Green bill, S. 2768, last December. The reinsertion of these words means that silver busbars can serve as 'security' for silver certificates outstanding and that silver certificates can become inconvertible paper money.

"This is another one of those step-by-step measures to convert an ever mounting proportion of our outstanding paper money into an inconvertible paper. In December, 1942, the Treasury and Board of Governors of the Federal Reserve System, by a devious manipulation, issued $660,000,000 of Federal Reserve bank notes which are unsecured. Now this Green silver bill provides the means by which $1,703,000,000 of silver certificates can be made irredeemable paper money.

"Congress should never permit this provision to become law. No responsible government, not bankrupt, would issue to the people a paper money carrying a promise to deliver upon demand what the government cannot deliver and does not intend to deliver. Our silver 'certificates' would carry a government certification, as do our Federal Reserve bank notes, of what is in fact not true. Our country will have fallen upon sad days indeed if our Congress can no longer be counted upon to end the issuance of paper money which carries upon its face a deliberate falsehood.

"Last November, when this same provision appeared in the Green bill, S. 2768, then being considered by Congress, 54 monetary economists protested as vigorously as possible the passage of such a law. Since that protest is again applicable, we send you a copy for your information and earnest consideration."

The following is the statement of the 54 monetary economists referred to by Mr. Spahr in his letter:

"November 25, 1942.

"The Green bill, S. 2768, now pending before the Senate Committee on Banking and Currency, carries a provision which would convert silver certificates into an irredeemable paper money.

"We approve the passage of a measure which will place the Treasury's hoard of silver at the disposal of industry—war industries first, civilian industries second—for consumptive as well as nonconsumptive uses, reserving what is necessary to meet the nation's demands for fractional silver coin and silver dollars. But, as the silver behind silver certificates is withdrawn, a corresponding amount of these certificates should be retired.

"The Green bill provides that the silver held against silver certificates may be loaned by the Government for nonconsumptive purposes—for example, as bus bars in electric plants—, and that, while employed in this manner, it may at the same time serve as security for the silver certificates outstanding or to be issued.

"Under these conditions, the silver 'certificates' would become irredeemable in silver. They would be a government certification of what is in fact not true. Provision might just as well be made for the issuance of silver certificates against silver held in our mines or in any other inaccessible place.

"Federal Reserve notes in one- and two-dollar denominations can be issued to meet any demand of the public for paper money of small denomination as silver certificates are retired. These notes would have the advantage of being anchored to gold and of being maintained on a parity with it by a system of redeemability, though indirect, which operates through a reserve of gold certificates held by the Federal Reserve banks and which are redeemable by these banks in gold for the purpose of exportation. Silver certificates under the Green plan would not be convertible, directly or indirectly, either into our overvalued silver or into gold.

"No responsible government, not bankrupt, would issue to the people a paper money carrying a promise to deliver upon demand what the government cannot deliver and does not intend to deliver. Consequently this provision of the Green bill should be revised."

Post-War Financial Problems Under Study At Harvard School

A study of industry's financial problems during the post-war period in relation to efforts to ensure steady employment during reconversion and demobilization has been started by the Harvard Business School, it was announced on May 15. It is indicated in the announcement that although the teaching facilities of the Business School have been given over completely, for the duration, to instruction of men in uniform assigned to the school by the armed services, and to the War Production Training Course, sponsored by the government's Engineering, Science and Management War Training Program, a substantial part of the school's research activities can be directed to a study of post-war problems. Therefore Harvard Business School has assigned two members of the senior faculty, J. Franklin Ebersole, Converse Professor of Banking and Finance, and Charles Cortez Abbott, Associate Professor of Business Economics, to the new financial study. From the announcement we also quote:

"Prof. Ebersole will consider what is being done, and what can be done further, by banks. Prof. Abbott is to investigate the needs, preparations and financial capabilities of corporations.

"As usual in Harvard Business School research, a firsthand study of the subject is being made. Present conditions and problems which can be foreseen will be thoroughly investigated. Research agents of the School will get information directly from business itself. It is recognized that all financial problems are closely bound to federal policies, particularly those of taxation, the disposal of federally owned commodities, equipment, and the renegotiation and termination of contracts, and the study of these subjects will have particular reference to the business man.

"The results of the Harvard Business School financial study will be used in post-war teaching and will be made available to industry."

The school's announcement states:

"To maintain employment, industry must have ample working capital and ways must be found to increase the flow of equity investment. Among those familiar with the financial problems of business, there is general agreement that special attention must be given to the position of medium and smaller sized concerns. It has also been pointed out that sound and adequate financing of the business structure in the immediate post-war period is of direct interest not only to business management but also to public officials and to labor leaders."

Prof. Melvin T. Copeland, director of Harvard Business School's research, is chairman of the Massachusetts State Committee on Post-war Readjustment. His activities and those of his colleagues, in a school geared to war training activities, are expected to help ease business conditions after V-day. When the war ends, it is believed, industry should be ready to act immediately. There is a growing appreciation that it should solve its own problems and not rely upon federal aid.

Inflationary Crisis Over Says W. Wheeler

Willard C. Wheeler, of Sales Traffic Digest, in an address last month at the Spring convention of the American Marketing Association, at the Hotel Biltmore, said that the price inflationary crisis is really over and that "deflationary forces are already in action," according to the New York "Times" of May 1, which further reported Mr. Wheeler as saying:

"While retail prices will maintain the appearance of inflation for some time," he said, "they too must follow eventually. We will look back on the Spring of 1943 as the real beginning of a deflationary period in prices."

Mr. Wheeler pointed out that the major inflationary pressure on prices arose from four steps of transition into a war economy—plant construction, tooling-up, inventory building and actual production. At every step, he pointed out, government and business competed with each other, but that condition is fast fading into the past.

"Construction is practically over," Mr. Wheeler continued. "We now read about cancellation of projects for alcohol manufacture and for the extra 6.000,000 tons of steel production. Tooling-up is mostly over except possibly for improvement in make-shift set-ups. Stock piles of many items are more than adequate. Even in tank factories, workers are saying: 'Why ask us to buy war bonds for more tanks when there are so many of them on the lot that I am in danger of losing my job?' "

Mr. Wheeler urged that a committee be set up by the association to promote the victory merchandise bond plan, under which the public would buy bonds today for the purchase of products in the post-war period.

Panama Transfer Bill

President Roosevelt signed on May 3 the joint resolution transferring to Panama certain United States properties and facilities in that country.

Congressional action on the legislation and the authorizations approved were reported in these columns May 6, page 1,696.

Sir William Beveridge Working on New Program To Provide Maximum Post-War Employment

Sir William Beveridge, author of Great Britain's social security plan, in an interview in New York City on May 15, disclosed that he is working on another program dealing with the problem of providing maximum employment after the war, said the New York "Times" of May 17, from which we also quote as follows as to what he had to say:

"He expressed confidence that his social security plan would be adopted in Britain after the war and praised the proposed expanded social security program presented to Congress recently in the report of the National Resources Planning Board. While differing from his own plan, the American social security program, Sir William said, was more comprehensive in principle, going beyond his program by embracing proposals for post-war action by Government.

"Sir William emphasized the need of discussing post-war problems without waiting for the end of the conflict.

"Military victory is a means, not an end," he said, "and the plans for dealing successfully with many of the urgent problems which will arise when fighting stops should be made now. Otherwise, they will not be made at all or made badly in a hurry."

"His own contribution to such plans, he said, will be made in the new report upon which he is now engaged, working from an office in London, financed by private contributions. He explained that in preparation for this report he was seeking to assemble data from Government, industrial, labor and other sources, and that he hoped to obtain valuable information in this country.

" 'Every country has the double job of conducting the war and making plans for peace,' he said. 'Close mutual understanding between the people of the United States and the peoples of the British Commonwealth is particularly important. As democracies they have a special common interest in showing that democracies can add security to freedom.'

"As explained by Sir William, post-war problems fall for practical purposes into three main groups: Problems of social security with which each nation can deal on its own lines 'without regard to what other nations are doing' and which for purposes of international collaboration need no more than exchange of information; problems of providing opportunities for employment, involving trade, industry and finance, and which call for consultation between nations and 'those problems which call for positive close cooperation.' The most important of the latter, Sir William said, 'is the prevention of any repetition of world wars.'

"The methods for organizing industry and trade so as to maintain productive employment need not be the same in all countries but must be related to one another," Sir William declared. "Action in regard to all these problems of all groups should be planned and the plans to a very large extent decided on during the war. Otherwise they will not be ready in time.

"The plans, and particularly those which involve consultation or positive cooperation between nations, must be based not simply on agreements between governments but on widespread mutual understanding between the peoples for whom the governments profess to speak. This is true, above all, of democracies like those of the United States and of Britain since it is of the essenct of a democracy that its government may change.

"That possibility makes it vital to have policies agreed upon which will be carried through irrespective of changes of government—policies approved by the people as a whole and based upon mutual understanding. Private individuals—if they are people able, as I hope that both my wife and I are able, both to listen and to talk—may do something to bring about that mutual understanding. We are here in the hope of doing so—in the hope of finding out by our own questions the views of people of many different standpoints in the United States on the main problems of the post-war world and answering so far as we can questions about the views of British people on the same questions."

"As regards his social security plan for Britain, Sir William emphasized its practicability from the viewpoint of economics and finance as well as its social justification, and discounted reports of any serious opposition to it among the British public. The plan provides for compulsory contributions out of earnings, buttressed by taxation, that will insure every man, woman and child in Great Britain against almost all forms of personal want or insecurity. Sir William thought that 95% of the British people were for the plan and said that he was recently assured by a friend that the figure was "more like 99.44%."

A reference to the Beveridge social security plan appeared in our issue of Feb. 25, page 768, in an address by Louis H. Pink, from which we quoted.

Bennett Asks Plans To Keep World Peace

John J. Bennett, former State Attorney General, in an address to the graduating class of Manhattan College in the Bronx on May 16, stressed the need for United action by the nations to maintain peace in the post-war world. The New York "Times" of May 17, in noting this, further indicated what Mr. Bennett had to say, as follows:

"Some definite mechanism must be set up to keep the peace. It should be, in effect, the United States of the World. To keep the peace such an organization must have power. After the war there must be a world-police force. This world-police force should be the agent for this world organization."

With regard to this organization, he said that it "would consist, at first, of the United Nations, and, later, of the others also."

"We owe it to the millions of men who are engaged in war today, to the millions who have died or will die before it is over, and to the mothers of the generations yet unborn, to put forth every effort to abolish war."

Paraguayan War Debt Canceled By Brazil

In a "good neighbor" gesture, Brazil on May 5 canceled the 71-year-old debt of Paraguay, contracted as a war indemnity after the termination of hostilities between the two countries in 1872. This was reported in a specal cable dispatch by Frank M. Garcia from Rio de Janeiro to the New York "Times," which further said:

"The President of Brazil, Dr. Getulio Vargas, announced the debt cancellation immediately after General Higinio Morinigo, President of Paraguay, arrived in Brazil for a visit of state.

"Originally amounting to about $150,000,000, the debt in the past 71 years had grown to about $1,600,000,000."

Partial Text of Dr. Anderson's Address Analyzing Keynes And Morgenthau Stabilization Plans

In addition to the summary (given in these columns May 13) of the address of Dr. Benjamin M. Anderson, in which he analyzed the Keynes and Morgenthau Foreign Exchange Stabilization plans, we are giving here in part, text of Dr. Anderson's address, which was delivered in Los Angeles on May 11. (Balance of the article will appear in our issue of Thursday, May 27.) The summary appeared on page 1755 of our May 13 issue. Details of the Morgenthau plan were given in these columns April 8, pages 1300 and 1305, while the Keynes plan was referred to on page 1388, in our April 15 issue.

The first half of Dr. Anderson's address follows:

The Keynes and Morgenthau foreign exchange stabilization plans are in essence very similar and their objectives are essentially the same. The differences between them would not prevent their giving us essentially similar results. They have in common the following points: Each would create a great international bank (whether you call it fund or call it clearing union doesn't matter) the resources of which are contributed by the central banks or stabilization funds of the different countries. This international bank, dealing only with central banks or government financial institutions, is to buy and sell the currencies of the different countries in such a way as to keep them in fixed relation to one another.

Powers and Operations of the Morgenthau Bank

The Morgenthau plan provides (Section III) that the fund shall have the following powers:

1. "To buy, sell and hold gold, currencies, bills of exchange and government securities of member countries; to accept deposits and to earmark gold; to issue its own obligations and to discount or offer them for sale in member countries, and to act as a clearing house for the settling of international movements of balances, bills of exchange and gold."

The Keynes plan bank would have the same general powers, except that I do not find it stated in the Keynes plan that the fund may issue its own obligations and offer them for sale in member countries.

2. To fix rates at which it will buy and sell one member's currency for another and the rates in local currencies at which it will buy and sell gold. Changes in these rates can be made only by four-fifths vote, which gives the United States a veto power. The Keynes plan does not include this veto power.

3 and 4. To sell to the treasury of any member country at a rate of exchange determined by the fund currency of any member country which the fund holds. There are various qualifications on this power designed to limit the transactions to financing adverse balances of payments on current account, and to prevent the fund from being used for capital transfers.

But 5, with the approval of four-fifths of the member votes, the fund may sell foreign exchange to a member country to facilitate transfer of capital or repayment or adjustment of foreign debts.

6 and 7. When a creditor country is "getting fed up," and the fund's holding of the currency of the creditor country drop low, the fund may make representations to the creditor country in the effort to get more of its money. This Section III, 6, is to be read in connection with Section VI, 7, to which I shall refer below, which makes it the duty of member countries to adopt appropriate legislation or decrees to carry out its undertakings to the fund and to facilitate the activities of the fund.

8. Member countries are required to agree that they will offer to sell to the fund, for their own local currency or for foreign currencies which they need, all foreign exchange and gold they acquire in excess of the amount they possessed immediately after joining the fund. They are to agree also to discourage the accumulation of unnecessary foreign balances by their own nationals.

9. The fund is to buy from the governments of the member countries "abnormal war balances held in the countries," and to hold them for 23 years subject to certain qualifications. This is an extraordinary proposal which is basic also in the Keynes plan, and I shall discuss it more fully later.

11. The fund shall have the power to borrow the currency of any member country, but the Morgenthau plan reserves the veto power of the United States in this connection.

12. To sell member countries' obligations owned by the fund, provided that the Board representative of the country in which the securities are to be sold approves, and to use its holdings to obtain rediscounts or advances from the Central Bank of any country whose currency the fund requires.

13. To invest any of its currency holdings in government securities and prime commercial paper of the country "of that currency," provided four-fifths of the members vote approval.

14. To lend to any member country its local currency from the fund, for one year or less, up to 75% of the currency of that country held by the fund, again with the United States veto power reserved.

15. To levy upon member countries a pro rata share of the expenses of operating the fund, limited to one-tenth of 1% of the quota of each country.

16. The fund shall deal only through:

   a. the Treasury Stabilization fund or fiscal agent of member governments;
   b. the Central Banks, only with the consent of the member of the Board representing the country in question; and
   c. any international bank owned predominantly by member governments.

But the fund may nevertheless, with the approval of the member of the Board representing the country concerned, sell its own securities or securities it holds directly to the public or to institutions of member countries.

The foregoing statement, a compression of the United States Treasury proposal, omits a number of qualifications on these powers.

Both plans propose to introduce a new unit of value, a new money, in terms of which the international bank's accounts are to be kept. The Keynes plan calls it "Bancor," probably a combination of the word **"banco"** and the French word for gold, **"or"**—with a context, however, which makes one very sure that whatever else it is, it isn't gold. The Morgenthau plan new unit is called "Unitas." But this is given a definite meaning. It is 137 1/7 grains of fine gold, equivalent to ten United States dollars. The books of the fund are to be kept in terms of these international units—bancor for the Keynes fund or unitas for the Morgenthau fund. The Keynes bancor is to be given a value, to be set by the Governing Board later, fixed in gold "but not unalterably."

Both plans have provisions for restricting capital movements from country to country, and for preventing the withdrawal of capital previously placed in foreign countries. Both plans contemplate international cooperation to prevent these capital movements.

Super-National Brain-Trust with Authority

Both plans set up a super-national Brain-Trust which is to think for the world and to plan for the world, and to tell the governments of the world what to do. The Morgenthau plan contains some safeguards for the United States not contained in the Keynes plan. In the arrangements for voting powers, the Keynes plan would leave the United States in a hopeless minority. The Morgenthau plan would leave the United States with a vote of one-fourth the total votes, still a minority, but it provides that on certain points, notably an alteration in the rates of exchange, a four-fifths vote shall be required, which would mean that the United States with a one-fourth vote could interpose a veto. But the Morgenthau plan makes it the obligation of member countries (Section VI, 7) "to adopt appropriate legislation or decrees to carry out its undertakings to the fund and to facilitate the activities of the fund," which would mean that the fund could tell the Congress of the United States what to do and that the Congress would be under obligation to do it. With respect to this provision, VI, 7, there is no four-fifth vote of the fund required, and no veto on the part of the United States.

Both Plans Are British Plans—Purposes Hidden and Avowed

What are the purposes of this elaborate super-national machinery? What is it designed to accomplish? What is the need for it? Why did we never have it before? I may say that there are a good many hidden purposes in the proposals, purposes clear in the minds of the authors of the Keynes plan, though I am not so sure that they are understood by the authors of the American Treasury plan. Both the plans are British plans in my opinion. Both of them grow out of long trends in Keynesian thinking and in British monetary policy. I believe that both plans grow out of long discussions by the British financial experts and the representatives of the United States Treasury, that the ideas came from England and that our Treasury has accepted them in major part, though not in all. I shall discuss these hidden purposes at a later point. But first I wish to discuss the avowed and obvious purpose—that of keeping exchange rates fixed among the currencies of the different nations of the world.

Avowed Objective to Stabilize Exchange Rates

Now, obviously, it is a desirable thing to have stability in foreign exchange rates, from the standpoint of easy flow of foreign commerce. An American exporter selling goods to France for French francs obviously wishes to know how many dollars he is going to get for the francs when he makes his contract. If he is to be paid in francs at the end of three months, and is afraid that the francs will be worth very many less dollars at the end of three months than they are today, he will hesitate, or he will ask the French importer to pay him in dollars. But if the French importer is afraid that the dollars will be very much higher in francs three months later when he must buy them to pay for the goods, he also will hesitate, if he is a responsible man. International commerce is badly crippled by instability in foreign exchange, just as the international commerce of the country is badly crippled by violent fluctuations in the value of the domestic currency. The country whose currency is weak and slipping and fluctuating is a bad place in which to do business for either the foreign merchant or the domestic merchant.

The Plans Strike at Symptoms, Rather Than Underlying Causes of Financial Disorder

But please observe in this connection that the instability in rates of exchange between countries one of which has good money fixed in gold, and one of which has weak and fluctuating money, is due to an instability in the money of the weak country. The exchange instability is a symptom. The currency instability is the cause. If you attack the exchange instability as your starting point, you are attacking the symptom rather than the cause. Let us say, rather, that you are attacking the symptom rather than a complex of causes, because behind the instability of the weak and fluctuating currency there lies a complex of causes, which include the finances of the government of the government of the weak country as well as its strictly monetary policy.

Fixed rates in the foreign exchanges are eminently desirable. A temperature of 98.6 in the human body is eminently desirable, but a rigging of the thermometer so that it will always record 98.6 regardless of the fluctuations in the temperature of a sick patient is a rather futile performance. And a rigging of the foreign exchange markets so that they will record fixed rates among sound and unsound countries, regardless of a deterioration in the fundamentals governing the values of the moneys of the unsound countries, merely masks the facts of financial disease and disorder, and defers the time when these fundamentals must be dealt with.

The Weak Pull Down the Strong

The Keynes and Morgenthau plans propose, in substance, a pooling of the financial resources of the different countries of the world, putting the strength of the strong countries behind the weaker countries so that all of them appear strong. All of the moneys, good, bad, and hopeless, look the foreign exchange market level in the eye. Bad money becomes as good as good money—and if the process is continued long enough, good money becomes as bad as bad money.

Similar Plans Proposed in 1921—A Clearing House That Could Not Clear

These Keynes and Morgenthau proposals look very novel today. The fact is however that similar proposals * were made during the postwar boom and depression of 1920-21. At that time, however, they were not made by the financial authorities of strong government. One came from Signor Tittoni of Italy, a country financially weak, with heavy government deficits, with an adverse balance of trade, with a rapidly growing volume of bank notes, and with a very weak gold reserve. He proposed a foreign exchange clearing house, a single clearing house controlled by the various governments, which would monopolize all foreign exchange transactions. It was sufficient then to point out, however, that the analogy with a clearing house could not apply. A clearing house is an association of solvent banks, every one of which is able to meet its deficit at the clearing house every day with cash. The proposal was to create a clearing house that could not clear. There were proposals of an international exchange bank which should have exclusive control of buying and selling of foreign exchange, and should buy foreign exchange at a fixed rate. We described this bank in those days as a bank "in which the United States would make the deposits and Europe would get the loans." We recognized that such a bank could maintain exchange rates at a fixed point only if the United States would supply unlimited dollars for paying European exchanges.

No New Machinery Needed If Fundamentals Are Corrected

We knew on the one hand that unless the fundamental causes of the weakness of the European exchanges were corrected, the time would come when such a machinery would crash, with a greater or less loss to us, depending on how many dollars we had fed into the machinery. We knew on the other hand that if the fundamental causes of the exchange weaknesses in Europe were corrected, no such international machinery would be needed, because the existing financial machinery of the foreign exchange market would make the clearances and keep things straighth.

The Postwar Boom and Crisis of 1919-20 Due to Artificial Support of Foreign Exchange

There was a further reason in 1921 why he gave scant attention and little respect to the proposals for bolstering the exchange rates of weak countries at the expense of the cash resources of the strong countries. We had just gone through a violent boom and a violent crash due to precisely that thing. The postwar boom of 1919-20 and the crisis of 1920-21 were due to artificial strength in foreign exchange which masked the fundamentals and delayed the necessary reforms.

This episode is of high significance in understanding the Keynes and Morgenthau proposals and in exhibiting their vices, weaknesses and dangers, and I wish to give an outline account of it here.

Financial Demoralization of Continental Belligerents in 1919-20

The picture on the Continent of Europe after the Armistice in 1918 was roughly this: great public debts had been created during the war; the governments had borrowed from the people and had taxed the people, but had done both inadequately. They had leaned heavily on the state banks of issue, the central banks, and the central banks, responding to the war needs of the government, had issued bank notes in gigantic quantity. They had ceased at the outbreak of the war to redeem these bank notes in gold. They had fluctuating irredeemable paper money. The revival of production and export in great industrial countries was sadly hampered by this. An agricultural country can resume its activities as men go home to their farms, despite bad public finance and bad money, but great industrial countries are heavily handicapped by such a situation.

What was called for was a cessation of the public borrowing from the state bank of issue, a great increase in taxation and a balancing of budgets, together with the fixing of a gold parity for the currency and a resumption of gold payments at that parity. In some cases the old par might have been restored. In most cases new and much lower pars would have had to be adopted. But in any case the fundamental corrections called for cutting public expenditures, cessation of borrowing, a balancing of budgets with taxes, and a cessation of the printing of bank notes.

But this was a very hard way. The finance ministers of each country were faced with the problem of millions of soldiers returning without finding immediate work. They were faced with demands for pensions; they were faced with demands for funds to reconstruct the regions devastated by war; they were faced with demands for funds to feed starving people. The people were very reluctant to pay more taxes and to buy government bonds. The easy way was to ask the state bank of issue to print bank notes, and to use these bank notes in meeting expenditures of the state for pensions and unemployment relief and rehabilitation of devastated areas. The people, in turn, could use the bank notes in bringing in foreign goods, as long as the foreign exchange markets would take them.

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* See "Artificial Stabilization of Exchange Condemned—Outline of a Fundamental Solution," *Chase Economic Bulletin*, Vol. II, No. 1, January, 1922.

Kind of Outside Help Needed—Help Conditioned on Internal Reforms

Now these war torn countries in their distress needed outside aid. We gave some of the weakest of them very speedy outside aid through Red Cross activities, and we shall have to do this on a great scale again. But they needed, also, foreign loans carefully supervised by the lender and explicity conditioned on drastic internal financial reforms. The finance minister could then have said to his parliament and to his people, "If we go on in our present course printing bank notes, running gigantic deficits, ruining our currency, ruining our credit, leaving our industry no good money to work with, watching our productive activities deteriorate as our finances deteriorate, ultimate ruin is sure. If, however, we cut our expenses, raise our taxes, tighten our money markets, and stabilize our currency, our outside friends will give loans which will put gold into our central banks, which will give the treasury funds to aid immediate distress, and which will enable us to get on a self-supporting basis again."

Such Help Given Germany in 1924, Hungary in 1925, Poland in 1927—Amounts Needed Relatively Small

These things were done later after internal currency disorders had brought about intolerable domestic conditions. When the German mark had dropped to a trillion to one, Germany submitted to the Dawes Plan, submitted to outside supervision, raised her taxes, cut her expenditures, restored her currency to a gold basis and started up again. Austria submitted to a similar drastic change of policy when the crown had dropped to one fourteen-thousandth of its pre-war value in 1923. Hungary, in consideration of a loan, in 1924 adopted drastic internal financial reforms, stabilized its currency and submitted to foreign supervision of its internal finances under Mr. Jeremiah Smith of Boston. Poland in 1927, in consideration of a foreign loan, engaged in a similar house-cleaning and submitted to outside financial control under the supervision of the Honorable Charles S. Dewey who left the United States Treasury to take the job, and who had power to countersign the expenditures made of the proceeds of the loan, to see that they were used for the purposes agreed upon. In all these cases, the loans did good, and in all these cases, the figures were relatively moderate. The biggest of these loans, the Dawes Plan loan to Germany in 1924, was approximately two hundred million dollars. The Austrian, Polish and Hungarian loans were very much smaller. Outside help, outside money, conditioned on outside supervision and drastic internal reforms, did good.

But Billions First Wasted in Supporting Foreign Exchange in 1919-20

But these remedies, you will observe, came in 1924 and 1927. The first help came in a form that struck directly at the foreign exchanges, and billions were wasted in 1919-20 in a futile supporting of the foreign exchange rates, which merely deferred the problem and allowed the finance minister to go on with his reckless borrowing from the central bank and his reckless spending.

There were four causes of the undue strength of the foreign exchange rates of Continental Europe in 1919 and 1920.

Loans by U. S. Government Pegged Sterling from the Armistice to March 20, 1919 and Supported All Allied Exchange Until July, 1919

The first was continued loans by the United States Government to the governments of our Allies in Europe. Our Congress in 1917 had authorized the Treasury to lend our European Allies ten billion dollars. Approximately seven billions of this had been loaned by the time of the Armistice. Nearly three billions more was loaned between the Armistic and June 30, 1919. In the first four months after the Armistice this money was used definitely in pegging sterling exchange. The firm of J. P. Morgan, acting for the British Government, and using the dollars drawn from the United States Treasury, was buying all the sterling offered in the market and holding sterling at a fixed rate. Others of our European Allies were receiving loans also from the United States Treasury, which they used in supporting their currencies in the foreign exchange markets. We had in the first four months after the Armistice exactly what the Keynes and Morgenthau plans would seek to accomplish in the next postwar period—the actual pegging of exchange rates by using funds lent by the strong country, the United States.

Four months after the Armistice J. P. Morgan & Company announced that they would no longer buy sterling and there was a sharp drop in the price of sterling exchange and in the exchanges of all the Continental countries. But the Continental currencies continued to be far higher in the foreign exchange markets than the fundamentals justified. The loans from our Government to European governments continued to provide funds with which these currencies were artificially supported, even though not actually stabilized.[*]

The post-Armistice strength of the foreign exchange rates was due, first, to the actual pegging of exchange for over four months with funds drawn from the United States Treasury and handled through J. P. Morgan & Company and, second, to the continuance of loans by the Treasury to European governments through June 30, 1919. This support was enough to stop the postwar liquidation and reaction and to turn us from reaction into a violent boom. Our exports and our export balances grew by leaps and bounds. We continued to drain the country of goods, and at rising prices. Our export balance of January, 1919, was 410 million dollars. Our exports continued on a gigantic scale. In June our export surplus rose to 625 million dollars, of which 592 million dollars was to Europe alone. In the year and seven months, January, 1919, to July, 1920, inclusive, we sent Europe six billion 350 million dollars worth of goods more than we received back from her. The Continent of Europe was flat on its back, was buying without limit of price or quantity all that she could get from us with her rapidly increasing paper money offered in the foreign exchange markets.

Of course we had a boom. Of course prices rose. Commodity prices had reached a peak of 207% of pre-war prices in November, 1918. They reacted moderately down to March, 1919. Then they turned up under the influence of this terrific selling to Europe on credit to a new high of 248% in May of 1920.

Funds drawn from the United States Treasury to support the exchanges will account for nearly three billion dollars of this. Where did the rest come from? Again, from the undue strength of the Continental exchanges. There was another factor in the strength of the Continental exchanges which does not and cannot exist today. This was the prestige of governments and of paper moneys among the peoples of the world. Governments had kept faith in pre-war days amazingly well. Governments had been responsible. It was not believed that the government of a great country would let its currency deteriorate indefinitely. When exchange rates went low, speculators and even financial institutions over the world were disposed to look on them as bargains and believed that they would come back.

Britain Takes Over the Load When Our Government Drops Out, 1919-20

With the cessation of our Treasury loans to our European Allies, it seemed a reasonable expectation that the currencies of the weaker countries would go down rapidly and their ability to buy from us would speedily cease. Of all the belligerents of Europe, Great Britain only had got her financial house in order. She was balancing her budget. She looked forward to the return to gold at the old par. Confidence in Britain was high throughout the financial world. There was increasing concern in New York regarding France, Italy, Belgium, and virtually all the other belligerents of Europe. But the buying power of the weak countries continued and although the exchange rates went lower, they all moved together. Sterling weakened with the other exchanges, and the other exchanges continued abnormally strong. Our boom went on. Exports continued, not only to Britain but also to the Continent. Prices in the United States continued to rise.

The explanation finally became clear.

The point was that England had interposed her vast financial strength and financial prestige between us and the Continent.[*] England was buying goods here with sterling or with borrowed dollars to sell on the Continent for francs, lire and marks, and the British foreign exchange market was buying the francs, and the lire which came to our New York foreign exchange market as we made direct shipments against francs and lire to France and Italy, etc. It was not a pegging of Continental exchange, but it was a support of Continental exchange by the financial strength and prestige of Great Britain. The boom went on until at last the deterioration of Europe's internal finances became unendurable, until we and Britain both ceased to take readily the weak exchanges of the Continent, until we ceased to be willing to increase our holdings of sterling or to increase our credits to England. Then we and England cut our losses, the boom was over, the great collapse came, American commodity prices dropped from 248 in May of 1920 to 141 in August of 1921, and the Continent of Europe was in worse financial position by far than it had been at the time of the Armistice.

One of Lord Keynes's Hidden Purposes

The Keynes plan is evidently drawn with some recollection of this episode in mind. Section 14 of the Keynes plan offers as an argument for the plan that

> "This would give everyone the great assistance of multilateral clearing, whereby (for example) Great Britain could offset favourable balances arising out of her exports to Europe against unfavourable balances due to the United States or South America or elsewhere. How, indeed, can any country hope to start up trade with Europe during the relief and reconstruction period on any other terms?"

It would have been very nice for England if the proposed Keynes or Morgenthau arrangements had been in existence during the boom of 1919-20, when England was buying in the United States with dollar obligations and sterling, and reselling at what looked like a profit to the Continent for francs, lire, marks, and so on. As things were she gave us her good dollar obligations and her pretty good sterling for the goods we sent, and she got the bad francs, lire, marks, Greek drachmae, etc., in exchange for the goods. Her expected profits turned out to be losses. But if there had only been an international fund into which she could have poured the francs and the lire and the drachmae as constituting liquidation in full for her sterling and dollar obligations to the United States, and she had prudently remained net debtor to the fund, then she would have had her profits clear of risk. We should have given up goods, and we should have received in return a share in an international fund diluted and deteriorated by bad drachmae, bad francs and bad lire.

We Should Have Had Our Readjustment at the End of the War

Now there are a number of things to be said about this episode. The first is that we should have done far better to have taken our licking at the end of the war than to wait for nearly two years to get it. Everybody was braced for reaction and liquidation when the Armistice came. Our industries and our banks were financially strong. Readjustment would have been severe but nothing like as severe as it was when it came two years later.

After our government ceased to support the exchanges, private creditors in the United States provided an additional three and a half billion dollars[*] to pour into the vortex. We had immense expansion of bank credit in financing the export trade on credit and in financing the accompanying boom phenomena in the United States. We had a frantic speculation in farm lands, centered in Iowa, that would not have occurred had the reaction come following the Armistic. We had an immense increase in agricultural debt in 1919 and 1920. We would have done far better to have faced reality at the end of the war.

Loans to Support Exchange Did No Good

Second, I repeat, that all this vast credit to Europe used in supporting the exchange did no good. Continental Europe was in far worse financial and industrial position at the end of its than at the beginning. The finance ministers used the easy way so long as the outside world would take their currencies in the exchange markets.

Third, England had terrifie losses. She would have done far better to have made her readjustment in the winter of 1918-19.

Much Smaller Loans, Conditioned on Financial Reforms, Would Have Solved Problem

Finally, very much smaller sums of money lent to Europe with discrimination and care, and conditioned on adequate financial and currency reforms on the Continent, would have turned to the Continent of Europe up again, as indeed very much smaller loans, carefully supervised, given to the weakest countries individually did turn the tide at a later date.

Very much smaller loans would have meant, for one thing, that Europe would have bought only what she needed. She would have bought foods. She would have bought raw materials. She would have bought other things essential to set her industries going. She would have developed her industrial power and her power to export and would have been in a position to send us a back-flow of manufactured goods in return for the needed foods and raw material. As it was she sent us, through the whole of this period, a pitifully small volume of goods, and she bought from us a high percentage of the manufactured goods which she ought to have been producing herself. Our exports to Europe in 1919-20 ran very high in finished manufactures, including luxuries. The episode did nobody any good. It weakened the world.

(More Next Week)

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[*] I think it proper to say that virtually all of the post-Armistic loans were used in this way. There was the need for dollars to liquidate the cancelled war contracts between European governments and American industries. But Europe had at the beginning of 1919 approximately seven hundred million dollars of American balances growing out of loans that had been previously made by our government. The cancelled war contracts required somewhere between a half billion and a billion dollars. At the most, Europe needed not over three hundred million of the post-Armistice loans to use for cancelled war contracts. The present writer made a very careful study of this matter in 1920 when he was writing the *Chase Economic Bulletin*, Volume 1, Number 1, Oct. 5, 1920, called "Three and a Half Billion Dollar Floating Debt of Europe to Private Creditors in America." This Bulletin together with the *Chase Economic Bulletin* of Feb. 28, 1921, called "The Return to Normal" gives a very full account of the postwar boom and crisis, and the causes responsible for them.

[*] This point appears in print first in some paragraphs I wrote for *Commerce Monthly*, issued by the National Bank of Commerce in New York, January, 1920, pages 19-20.

[*] "Three and a Half Billion Dollar Floating Debt of Europe to Private Creditors in the United States." *The Chase Economic Bulletin*, Vol. 1, No. 1, Oct. 5, 1920.

Cleve. Reserve Bank New Branch Officers

Robert E. Doherty, Chairman of the Board of Directors of the Pittsburgh branch of the Fourth (Cleveland) Federal Reserve Bank, announced on May 11 that W. H. Nolte had been appointed an Assistant Cashier by the Board of Directors of the main office.

Announcement was also made on May 11 by the Cleveland Reserve Bank that Salmon Brown had been appointed Assistant Cashier at the Cincinnati branch of the bank. It was stated at the bank that the scope and volume of operations had increased to a point which made necessary the appointment of additional officers.

Mr. Nolte entered the employment of Federal Reserve in May, 1920, and has been the representative at the Pittsburgh branch of the main office auditor. Mr. Brown is at present employed as credit analyst in connection with loans and guarantees made under provisions of Regulation V to facilitate war production.

Hague Made Director Of Kansas City Reserve Bank

The Board of Governors of the Federal Reserve System announced on May 10 the appointment of Lyle L. Hague, of Cherokee, Okla., as a Class C Director of the Federal Reserve Bank of Kansas City, for the unexpired portion of the term ending Dec. 31, 1945. Mr. Hague owns and operates a farm in Alfalfa County, Okla.

Make American Labor Party Nat'l Third Party, La Guardia Urges At NY Executive Dinner

Would Protect New Deal Social Gains; Wallace Speaks For Tax Revisions

Mayor La Guardia, in a speech at the dinner of the State Executive Committee of the American Labor Party of New York at the Hotel Commodore on May 16, urged the expansion of the State American Labor Party into a nation-wide third party to protect the social and labor gains made under the New Deal, said the New York "Times" of May 17. Noting this, the "Times" said that the Mayor, addressing Vice-President Henry A. Wallace, the other principal speaker, said that so long as President Roosevelt remained at the head of the Federal Government these gains would not be jettisoned, but he warned Mr. Wallace that right in the Democratic party there was a movement to oppose the President and scrap the New Deal. From the "Times" we also quote:

"Without mentioning the name of James A. Farley, the Mayor said that this movement existed in this State, of which 'we had a beautiful example' last year, meaning the nomination of John J. Bennett Jr. for Governor.

"Vice-President Wallace disclosed that the Federal Administration, through the National Resources Board and other agencies, was preparing a program of billions of dollars of public works to be put into effect after the war to insure full employment in the United States.

"With full employment, there is no reason why any of the western democracies should fear communism," the Vice-President said. "With unemployment, it would be impossible for Stalin himself, no matter how hard he tried, to stop the growth of communism."

"Mayor La Guardia's call for formation of a third party followed the speech of Samuel Shore, the toastmaster, who said that the Labor party held the balance of power in New York State and that it was time that it began to seek power rather than its balance.

"I sat at the feet of the senior *Senator La Follette of blessed memory*," said Mayor La Guardia, who was elected to the House of Representatives as a candidate of the La Follette Progressive party ticket in 1924, "and at the feet of the venerable Senator George Norris.

"I remember on one occasion that Senator La Follette said to a group of us: 'You can't do that locally; you must spread out.'

"It seems to me that the Labor party has reached the stage where it must spread out and organize in other States. We have arrived at the time when we must assume responsibility for that balance of power.

"We cannot afford to be merely expedient. The Labor party must be a party of issues and policies and not one of expedience and personalities.

"I heard the Vice-President say this afternoon that he was in favor of the two-party system. There are millions like him in this country. That would be all right if the line of demarkation between the two major parties could be easily recognized. What I fear is that, unless that is true, we may find every four years both major parties with beautiful, acceptable platforms, and then, nothing happens."

Turning to the Vice-President, the Mayor said:

"I can assure you, Henry, that you are going to find that right in your own party before long. The New Deal is more than a plank; it is a philosophy. So long as its present standard bearer, Franklin D. Roosevelt, has anything to say, we know that it will not be jettisoned.

"There is now being created a distinct opposition to the New Deal right in your own party. We had a beautiful example of that right here in this State at the last election.

"There is a great job to be done in this country, and that is to formulate a program for the after-the-war period. That job must be approached intelligently and courageously. Great changes must be made and brought about in this country. A new era is coming.

"Personally, I believe that these can be brought about within the framework of the Constitution, taking into consideration the power of amendment. We must have uniform labor conditions and uniform taxation throughout the country.

"As I recall history, every great change in this country has been preceded by a third-party movement. A third party might not be needed if we could have a realignment of the two major parties, but there is no sign that there will be one so long as office and power are the chief aims of the major parties.

"No one can tell what will happen. That's why I'm so impatient waiting for a crystallization of thought and leadership for the change that is bound to come.

"Political parties now do not differ on political issues but on economic issues, on the handling of which the future of the country depends. There are thoughtful men and women in every party who realize this, but they are in the minority. Leadership for them must be provided and I believe it must come from a third party."

Before beginning his serious remarks, Mayor La Guardia said that it had been a long time since he had addressed a gathering of any political party. He said he had been a member of the Labor party, which was organized in 1936, as long as he had been a member of any party and added: "I don't know where I am going from here."

While emphasizing the probable need of a vast program of public works in the post-war period to prevent unemployment, Mr. Wallace said that it would be important to revise the taxation system sufficiently to place an incentive on the investment of capital which furnishes private jobs in the production of needed goods and services.

"In the post-war period, if we are to create the maximum number of jobs for labor, it is important that rapidly growing enterprises should be encouraged by government policy to expand, especially when they start small. Enterprising young men eager to serve the public welfare should not be forced to look on the government as the only outlet for their energies. Big established concerns should not be so favored by our taxation system that they have the field for themselves for all time to come."

Mr. Wallace expressed confidence that "men of good-will and intelligence" would manage our financial problems so as to increase employment rather than decrease it.

"This is especially true," he added, "if all of us realize that in the long run there is only one type of deficit that is utterly and terribly crippling and indefensible, and that is the deficit that comes from unemployment. We must act to prevent unbalanced budgets from leading to uncontrolled inflation, which, in turn, would lead to economic collapse. But any attempt to balance the budget by creating industrial and commercial unemployment could lead to an economic collapse which would be equally devastating.

"To have the flow of capital without which full employment would be impossible, there must be assurance of world-wide peace. There must be an international authority based on law and provided with power to enforce that law. We know as a result of our experience with air power that it is possible for the first time in the world's history to establish efficiently and at a low cost an international police force. Without the rule of law there will be the constant threat of war and business will feel the same sense of insecurity which it felt because of the war clouds which so often hung low during the years leading up to 1939. To oppose effective international action for peace would be to lay the groundwork for unemployment in the post-war world."

Vice-President Wallace said that all classes of Americans would have to make sacrifices during this war and that a curb on inflation would prevent disaster later. He added:

"Most farmers, workers and business men are patriotic. If we go down the road together in the same spirit as the magnificent Russians and our other splendid Allies, I feel confident that we shall win everything but the final clean-up on the Western Front in this year of 1943."

Great Britain Would Be Hit By Morgenthau Stabilization Plan

Critics of the United States Treasury's financial plan for post-war world trade, in the House of Commons, in London, on May 12, predicted that such a plan would create a British-American bilateral tieup with Great Britain as a junior partner, said an Associated Press dispatch from London on May 12, which continued as follows:

Sir Kingsley Wood, Chancellor of the Exchequer, opening debate on Lord Keynes' proposal for currency stabilization, stressed the fact that his government was not committed to the plan.

"We want to see the goods of each country exchanged as freely as possible," with the aim of making world unity more than "a pious phrase," Sir Kingsley declared.

Most members agreed there were no irreconcilable differences between the American and British proposals, but Sir Lambert Ward, Conservative, sided with Sir Robert John Graham Boothby, also a Conservative, in the opinion that the schemes were far apart.

"The United States having acquired nine-tenths of the world's gold is not likely to see its use relegated to filling teeth," declared Sir Lambert.

Sir Alfred Belt, Conservative, predicted that "after the war America will be the dominating economic and financial power and it is no use making proposals which do not take her interests into account."

Earlier, Sir Kingsley had told Commons that both the American and British proposals had a single goal: stabilization of international exchange and boosting of living standards in all counties following the war.

American financial experts displayed considerable technical interest in the Keynes plan after discussing it informally with British experts, Sir Kingsley said.

The British, he said, would not view criticism of the Keynes plan as "derogatory of international prestige."

The Keynes plan, he said, would fix the exchange values by agreement, and while it did not rule out gold as an exchange medium the British did not think the trading position of any country should be determined entirely by the size of its gold stocks.

Declares Dr. Anderson Confuses Issue On Foreign Exchange Stabilization Plans

American Plan Not So Horrendous, Says Chicago Journal Of Commerce

Editorial comment on the views of Dr. Benjamin M. Anderson with respect to the Morgenthau and Keynes foreign exchange stabilization plans (referred to in our May 13 issue, page 1755) appeared as follows in the Chicago "Journal of Commerce" of May 13:

Dr. Anderson's Speech

Speaking before the Los Angeles Chamber of Commerce on Tuesday evening, Dr. Benjamin M. Anderson flayed the Keynes and American currency stabilization plans. What came in perhaps for his severest criticism were the provisions in these plans for liquidation of "abnormal war balances." As a matter of fact, the British have no particular provision for this, so it is the American proposal at which Dr. Anderson is directing his fire. Yet a quiet reading of the American plan reveals no such horrendous things as Dr. Anderson seems to find.

The problem of "abnormal war balances" is quite important. The countries in which large totals of war balances are found are the United States and Britain (omitting Germany). The countries to which those balances belong are almost the rest of the world. The balances tied up in the United States are no problem. They were not blocked because of any scarcity of gold or foreign exchange assets, nor would their unblocking leave us short of gold or foreign exchange.

But England is in a different situation. The gold and foreign exchange reserves which England now has are too small to permit her to remove restrictions on mass withdrawal of funds of foreign owners. The unblocking of funds held in Britain is greatly to be desired from our point of view, because it frees that amount of money for trade purposes for everyone—and we have a vital stake in world trade.

The American plan of handling these war balances, which excited Dr. Anderson unduly, may be described by an example. Let us assume that the "Kingdom of Belgravia" has £50,000,000 blocked in England, and it wants to draw £10,000,000 to pay for adverse trade balances arising mainly from purchasing Russian and American goods. Under the American plan, Belgravia would make application to the international fund. The fund would arrange to have £10,000,000 in currency transferred from the British banks to the fund. There is a small service charge for this transfer. The fund then gives the Belgravian Government the equivalent of £10,000,000 in American dollars and Russian rubles which Belgravia needs to pay for purchases. The dollars and rubles are in the stabilization fund.

That operation, it will be noted, leaves the fund with a wad of British paper money. Under the plan, the British and Belgravian Governments must, after three years, begin to buy back some of this British paper money — the British buying it back either with gold or such free currency as the fund may wish to accept, and the Belgravians buying back their share with their own paper money. This buying-back process may take as long as 20 years. Over a 23-year period, therefore, this hoard of British paper money is liquidated, Belgravia has been able to get at her war balances in England, and the British have been able to release their blocked funds without any strain on their slim gold reserves or foreign trade balances.

Dr. Anderson doesn't like this procedure. He prefers to have England "tell her creditors the facts and let her ask their indulgence and let her make agreements with them." But England's creditors already know the facts; what they want is cash or international balances, and it is to our benefit to help England make these balances available to our foreign trade customers, without upsetting the British pound.

Dr. Anderson goes on to say, "I ask by what right the United States could refuse to pay in gold those foreigners who have trusted us . . . or those who have lent us their gold. . . .?" The assumption here is that we are forced, under the Morgenthau plan, to release our abnormal war balances through the stabilization fund. But the Morgenthau proposal says no such thing. The fund stands ready with its mechanism to help liquidation of these balances should member countries be unable to do so; but where members are willing and able to settle these balances without difficulty—as we are—there is no compulsion to work through the fund at all. We can settle our war balances directly with any country in the world, and under the plan would not have to use the international fund for such adjustments.

Under the circumstances, it is disappointing to find so notable and careful a thinker as Dr. Anderson, confusing the issue. The American proposal has flaws, and it is necessary to point them out in order to eliminate them, but the arrangement to handle abnormal war balances is not one of these flaws.

Pay On Panama 5s

The National City Bank of New York, as fiscal agent, is notifying holders of Republic of Panama 35-year 5% external secured sinking fund gold bonds, series A, due May 15, 1963, that funds have been received under fiscal agency contract of June 22, 1928, under which the above-entitled bonds were issued, and are now available for distribution (a) as a final payment on account of the interest represented by the May 15, 1940, coupons pertaining to the said bonds, in the amount of $5.96 for each $25 coupon and $2.98 for each $12.50 coupon, and (b) as a partial payment on account of the interest represented by the Nov. 15, 1940, coupons pertaining to the said bonds, in the amount of $15.24 for each $25 coupon and $7.62 for ech $12.50 coupon.

The distribution will be made at the office of the fiscal agent, the National City Bank of New York, 22 William Street, upon surrender of the May 15, 1940, coupons, and upon presentation of the Nov. 15, 1940, coupons, accompanied by properly executed letters of transmittal.

Leon Henderson Joins Research Institute

The Research Institute of America announces that Leon Henderson, former Price Administrator, has become Chairman of its Board of Editors and will assist in directing the Institute's editorial policy.

The Institute, a private organization, was founded in 1935 and has main offices in Washington and New York. It supplies business men and manufacturers with business information and most recently has been specializing on war controls, taxation, social security, and post-war planning.

Mr. Henderson's resignation as Price Administrator was referred to in these columns Dec. 24, page 2252.

Austin Declares Manpower Pool Will Be Exhausted Unless Population Mobilized

Declaring that the margin between manpower needed and manpower available is dangerously narrow, Senator Warren R. Austin (Rep., Vt.) earlier this month called for enactment of the Austin-Wadsworth bill, of which he is co-author, before the exhaustion of manpower. In part, Senator Austin, addressing the meeting of the National Association of Mutual Savings Banks in New York, said:

"The mobilization of all mobile persons in America has progressed haltingly and with many unnecessary delays attributable to our reluctance to accept inevitable suspension of individual rights in the cause of ultimate preservation of those rights. In a word, we have progressed from the purely voluntary method to the voluntary method accompanied by indirect sanctions, and thence to the involuntary method, through various orders, which are asserted to be supported by penalties provided by law.

"Now we are forced to take another step, because these efforts have failed to mobilize our entire mobile population. Voluntary methods and Executive Orders reach only a limited number and kind of jobs, and only those people who are within reach of indirect sanctions. The method of dealing with manpower without legislative authority cannot accomplish the registration, classification, training, selection, assignment, placement, promotion and transferring which are essential to accelerate production and increase quality and quantity. Without legislation, such as the Austin-Wadsworth Bill, enacted in advance of exhaustion of our manpower, we cannot tap the pool where additional manpower can be found."

With respect to the bill, the New York "Times" of May 7 said:

His (Senator Autsin's) bill, written jointly by the American Legion and the Citizens Committee for a National War Service Act, would permit the President to call for volunteers for any given plant, factory, mine or industry and, if failing to secure the required number of workers, then invoke the labor draft.

"In the case of the mine strike," he said, "the President could have called for volunteers to operate the mines under my bill. If volunteers did not respond, then they could be assigned to the work."

At a press conference held earlier in the day Senator Austin stated that under terms of the bill the President might have ordered the miners back to work, but he vigorously denied that the measure could be construed as "strike-breaking" legislation.

In his address Senator Austin said:

"I think that one of your great opportunities as leaders of thought is to point out to your friends and neighbors how nearly touch-and-go this manpower question is right now. It is dangerous to postpone this legislation."

Cotton Production In 1942

The Crop Reporting Board estimates the area of cotton in cultivation in the United States on July 1, 1942, to have been 23,302,000 acres, the area harvested 22,602,000 acres, and the lint yield of cotton 272.5 pounds per harvested acre. Production in 1942 of 12,824,000 bales of 500 pounds gross weight exceeded the crop of 1941 by 2,080,000 bales, or 19.4%, but was slightly below the average production of 13,109,000 bales for the 10-year period 1931-40. The lint yield per acre of 272.5 pounds for the United States is the highest of record. The previous record was 269.9 pounds per acre produced in 1937.

Estimates of planted and harvested acreage are in substantial agreement with acreages measured by the Agricultural Adjustment Agency. The estimates of production represent total ginnings enumerated by the Bureau of the Census with allowance for interstate movement of seed cotton for ginning.

Total production of cottonseed in 1942 is calculated at 5,720,000 tons compared with 4,788,000 tons in 1941. This production is computed from lint production, taking 65 pounds of cottonseed for each 35 net pounds of lint. Cottonseed is an important source of vegetable oil, which is greatly needed in the war effort. Of the 1942 production it is estimated that 4,765,000 tons have been or will be delivered to oil mills for crushing. On the basis of average oil content in past years for the country as a whole, the 1942 cottonseed crop should produce approximately 1,500,000,000 pounds of oil.

Production of Egyptian cotton is estimated at 75,300 bales compared with 59,800 bales produced in 1941. Final yield per acre, at 200 pounds, compares with 211 pounds for the previous year. The increase in acreage in 1942 was more than sufficient to offset the smaller yield per acre.

A total of 800 bales of Sea Island cotton was harvested in 1942 from 5,200 acres. This compares with 2,800 bales harvested in 1941 from 30,400 acres. Poor yields realized in 1941 were responsible for the greatly reduced acreage in 1942.

Calculated at the season average price of lint cotton sold through March 31, the values of total lint production of the 1942 crop is placed at $1,213,761,000. Included is the value of about 2,700,000 bales of loan cotton from the 1942 crop unredeemed on April 1. The value of cottonseed production, at $260,773,000 brings the total value of the 1942 cotton crop to $1,474,534,000. In terms of dollars the 1942 cotton crop was the most valuable produced since 1928.

The crop season of 1942 was unique in that yields somewhat better than average were produced in practically all areas. Record State yields were produced in only three States, namely, Virginia, Mississippi and Arkansas, but with near record yields in a number of other States the United States average yield was higher than in any previous year.

The 1942 cotton crop got off to an unusually good start. The effects of insect damages were held to a minimum during July and August by above-normal temperatures. At the same time rainfall was sufficient and timely for proper development of the plants. Above-normal precipitation and below-average temperatures during September and later months delayed maturity and resulted in some reduction from earlier prospects. The appearance of leaf worms and boll weevils in Oklahoma and parts of Texas caused considerable reduction in those areas. There was also some loss of mature cotton because of local scarcities of labor for picking.

According to reports of crop correspondents the reduction from a full yield of all cotton from various stated causes was 26.0% in 1942 compared with 38.6% in 1941. The percent reduction reported for 1942 was less than for any year since 1925 excepting that reported for 1937. Losses from insects, at 12%, were about average and compare with 20% for 1941. Losses because of adverse climatic conditions were reported at 11% compared with average losses from these causes of about 18.5%.

Alien Assets Frozen Total Over $7 Billion

The Office of War Information announced on May 5 that more than $7,000,000,000 of assets of enemy and enemy-occupied nations are now under "freezing" control or are under the control of the Alien Property Custodian.

Washington advices of May 5 to the New York "Times" further said:

Forthright action taken by the government on enemy patents, the OWI said, halted an economic invasion of this country launched nearly 25 years ago when German finance and industry began to build here a powerful organization centered in the chemical field and extending to the electrical and heavy goods industries, and used American or neutral "fronts" to conceal true ownership.

The Axis interest in 285 business enterprises has been taken over. About half of these enterprises have been wound up and their plants made available to others engaged in the production of war or essential civilian goods. The Custodian, Leo T. Crowley, has assisted the surviving enterprises to obtain loans and has facilitated negotiations with government procurement agencies.

A total of 41,077 patents and patent applications owned by enemy nationals and the nationals of enemy-occupied countries have been vested in the custodian. Those that are enemy-owned are to become the permanent possession of the American people.

The patents cover some of the latest achievements in the production of dyestuffs, plastics, pharmaceuticals, electrical goods and textiles. They include many processes which enabled the enemy to carry on mechanized warfare while cut off from petroleum, rubber and other basic raw materials.

Bank Auditors To Hold Meeting In Detroit

Ottmar A. Waldow, Comptroller of the National Bank of Detroit, and President of the National Association of Bank Auditors and Comptrollers, announced in the "National Auditgram," their official publication, that because conditions of travel, due to war times, have not materially improved since 1942, and because of the serious shortage of administrative men in banks and the consequent difficulty for the members to leave their positions, the Executive Committee decided to follow the precedent of 1942 and not hold a general convention.

However, an abbreviated annual meeting will be held in Detroit, Mich., Sept. 24 to elect officers and to transact such other business as would ordinarily come before such a meeting. Mr. Waldow has asked that each of the 50 organized conferences name a delegate to attend this meeting.

At noon on Sept. 24, in Detroit, there will be a meeting of the Organization Committee, and since the President of each conference is a member of that important committee, it is expected that they will be in attendance. Also in attendance will be the National Committeemen, representing the Federal Reserve districts, and chairmen of the various standing committees.

No regional conferences sponsored by the National Association are being held this Spring. Mr. Waldow, Hugh E. Powers, Cashier, Lincoln Bank and Trust Company, Louisville, Ky.; John C. Shea, Auditor, Whitney National Bank, New Orleans, La., and Arthur R. Burbett, Comptroller, First National Bank, Baltimore, Md., national officers of the Association, were scheduled to meet at the national headquarters office in Cleveland, Ohio, on May 8, to complete plans for the Annual meeting and discuss organization activities for the intervening months.

Urges U. S. Business Men Seek South American Participation In Enterprises In Their Countries

Eric A. Johnston, President of the United States Chamber of Commerce, at Chicago, on May 10, urged American businessmen to seek the participation of South Americans in the ownership and management of joint business enterprises in these countries, said Associated Press advices from Chicago, on May 10, which added:

"There is much we can do in South America to be of assistance, but we must do it in a measure of cooperation with the peoples of these countries," he said.

"American business in investing in South America must share the investment with Latin Americans so that they participate in the management and in the ownership.

"On the other hand, I suggest that they set up some type of insurance companies to guarantee at least a return of the original American investment. This is needed to encourage future investment. I also believe that they need to work out a system of refunding the defaulted bonds which are held in this country."

Mr. Johnston said he had recently returned from a trip to South America, where he visited with the Presidents of seven countries and talked with the leaders of labor, business and church. He added:

"I can assure the American people today that the people of South America have a great interest in the United States and they want continued a good neighbor policy after the war is over."

Rule Of Bureaucracy Assailed As Blighting

Vivien Kellems, Connecticut manufacturer, speaking before Westchester County Federation of Women's Clubs at the Hotel Biltmore last month, charged the Washington administration and its agencies with attempting to dominate and control every detail of American life in furtherance of an over-all plan for Utopia, according to the New York "Sun" of April 30, which further indicated the speaker as saying:

"We're fighting two wars—one on the far-flung battlefronts all over the world, the other right here at home. Our boys are waging the battle against our foreign enemies, and they are going to win, but, unless we also win, theirs will be a Pyrrhic victory. They will return to find that the very things they fought to exterminate—Fascism, Communism, Statism—call it any name you like—was slipped in the back door and fastened on us while they were gone."

She cited as evidence of efforts to develop the "over-all" plan what she said was an effort to control the press; food control regulations; the recent OPA plan for standardizing manufactured articles, eliminating brand names, and Mrs. Roosevelt's suggestion that all youth should be compelled to give one year of service to the State. The German Nazis, she charged, began their successful campaign to control Germany by similar moves.

"If the withering hand of control lays its blight on our press," she declared, "everything we hold dear dies with it." She said that the OPA and WPB for two years have been threatening to cut the amount of newsprint allowed papers and magizines, adding:

"Of course, no one bothered to prove that a cut in newsprint was necessary. Nothing whatever was said about the fact that the Federal Government ordered 350,000,000 pounds of paper for use in 1943, 60% more than the Government used in 1941. While newspapers and magazines were cut 10% at the beginning of the year, it is a disgraceful fact that during the first three weeks of this year the Federal Government in Washington alone, not counting the rest of the country, actually used 115,545,000 pounds of the 350,000,000 pounds intended for the whole year." She also cited the recent controversy over admission of the press to the United Nations Food Conference as further evidence of the attempt to hamper the press.

The OPA orders regarding standardization of manufactured articles, she said, "under the guise of simplification and pricing to aid the war effort, require goods labeling and standardization of such type as to threaten elimination of brand names and trademarks and put out of business manufacturers and distributors who have spent years developing a quality product and promoting its mass production." "The plan," she declared, "strikes at the very roots of American business."

She paid tribute to Capt. Eddie Rickenbacker "as one man who dares to speak out fearlessly with authentic facts" about conditions here and on the battlefronts, and urged support of his suggestion that the women of the country band together to remedy current evils. The Captain suggested calling the organization the Blue Star Women of America.

"Why not," she demanded of the clubwomen, "include in your next year's work the program for victory which Capt. Rickenbacker has outlined?"

"Proper wartime restrictions we must accept," she concluded, "but let us see to it that the moment this war is over we cast every dictate, every restriction on our freedom, every rule, every regimentation out of our lives and restore once more freedom of equality and freedom of opportunity."

President Proclaims June 14 Flag Day

President Roosevelt on May 4 proclaimed June 14 as Flag Day and asked the people to fly the Stars and Stripes this year along with the flags of the United Nations where feasible.

Associated Press Washington advices, reporting this added:

"We know that our flag is not fighting alone," he said. "This year the flags of 32 United Nations are marching together, borne forward by the bravery of freemen. Together they are the emblem of a gathering offensive that shall liberate the world.

"As brothers in arms, we of the United Nations have pledged to one another our mutual strength until total victory is won and peace assured."

A teamwork with our Allies is being perfected, the President said, which will bring victory in a great cause. The United Nations, he said, face the future resolutely and rededicate themselves "to the achievement of permanent collaboration among nations and security for all men."

While June 14 has been set aside as Flag Day for years, the Chief Executive said that this year "the Stars and Stripes is a battle emblem flying in the deserts and jungles and over Arctic snows."

Today, he said, it is "a mark of hope to our allies and of despair to our enemies," and has found its way "to the heart of the enemy over Berlin and Tokyo."

Every Citizen Must Support Mobilization Of Financial Resources, Robbins Tells Bankers

Citing four ways in which "a nation must marshal its resources for the intensive, prolonged and terrible struggles of modern warfare," William M. Robbins, Chairman of the U. S. Treasury's War Finance Committee, pointed out at a luncheon in New York on May 6 at the Waldorf-Astoria Hotel of the National Association of Mutual Savings Banks, that when war came, those four tasks "were staggering." Describing them, he said:

"We had to assemble the gigantic fighting forces that would deliver the actual blows against our enemies. We had to mobilize our industries to produce sorely needed equipment, welding these industries into a single, efficient, coordinated machine.

"We had to stimulate our domestic economy and our agriculture to serve both our armies and our civilians. And we had to mobilize our financial resources.

"Of these four tasks none was more obvious, more swiftly recognized, or more swiftly fulfilled, than the assembling and training of our fighting men. Second only to that was the marshalling of industry.

"There was serious delay in the mobilization of industrial and farm workers because the vital need was not so apparent, but we have begun to deal with it decisively. There has been even more serious delay in the marshalling of our financial resources and we have only just begun their mobilization."

Mr. Robbins stated that "our financial mobilization is lagging because America does not yet wholly understand how vitally necessary it is for us to fight with our dollars as well as with our machines and our men." He further said:

"People do not yet realize that we must draw financial support from every citizen in the land just as we draw on our manpower or our raw materials or our productive capacity. A war, or a battle, is won by concentration of power. That is one of the oldest rules of strategy. Today, when warfare is so closely geared to the production front, the rule applies equally to *farm and factory and finance.* The *sooner we realize this,* the sooner we will end the world-wide threat to civilized decency, and the fewer the lives it will cost us in ending it."

Mr. Robbins pointed out that the Government is now spending at a rate of well over 200 million dollars a day, or almost 7 billion dollars a month. By the end of 1943 we will be spending nearly as much per month as we spent per year in any peacetime year in our history. "Federal taxes from all sources, at current rates," he said, "provide for only about a third of estimated expenditures for the year. Approximately two-thirds of the funds that are required must be borrowed. About 70 billion dollars in new money must be raised by borrowings from all sources during the current year." In part he continued:

"New money raised during the four-month period January through April amounted to 25 billion dollars — an amount well over the assigned 20 billion dollar goal.

"The April, Second War Loan drive, just ended, climaxed this period. Second War Loan sales of Government securities reached a total of 18 billion dollars, as compared with our total goal of 13 billion.

"It would appear, therefore, that our borrowing program is an outstanding success, that it promises security for the future.

"But these gigantic figures alone do not tell the whole story. While the figures do convey the impression of a truly staggering financial mobilization, the fact is that our mobilization has been partial and incomplete, despite the splendid work done by individuals and groups of individuals, who have contributed so much to our war financing.

"We have raised the tremendous amount of money asked of us; but we have not raised enough of the kind of money the Government today so desperately requires.

"During the Second War Loan drive we raised altogether about 18 billion dollars, but only two and three quarter billion dollars, or 15% of the total, represented securities purchased by individuals. Only one and one quarter billion dollars, or 7% of the total, represented the purchase of E Bonds, known as the people's bond.

"This is not a record to give us satisfaction. We have a long way, a very long way, to go before we come close to reaching the capacity of the people to buy War Bonds."

Mr. Robbins declared that "to mobilize our financial resources we must mobilize more people to ring door bells. More importantly, however, we must enlist the complete enthusiasm of what we might call multiple contact people, people who are in touch daily with individuals with money to invest. People to whom workers with more money than they can spend look naturally for financial advice. People like yourselves."

Expressing the belief that "our financial mobilization, if it is to be successful, must manifest itself at the community level," Mr. Robbins said:

"It is not something that can be accomplished at Washington. The mobilization must take place in your home communities. It cannot be organized by hard and fast rules and regulations made by people hundreds or thousands of miles away. Your communities must mobilize their own financial resources, in their own way. No two communities will do it quite alike. It won't be done in Texas as in Maine, or in Oregon as in Florida. It will be geared to the life and habits and philosophy of its local citizens.

"And such mobilization on a community level calls for community leadership, leadership of the kind that represents all elements in the life of each community. You bankers are among those who can help in that leadership. Your word commands respect. Your reputation is known to your fellows and neighbors. You have the ability to lead and assist them in a democratic, voluntary, spontaneous mobilization. On the record to date there seems to be no necessity for compulsory savings, and if we succeed in our ultimate goals, there probably never will be. We are not asking people to withdraw money from savings accounts to buy War Bonds — we are asking them to put their new income over the necessities of life into Bonds."

Latin-American Diplomats Present Credentials

President Roosevelt received at the White House on May 4 the credentials of six Latin-American diplomatic representatives whose ranks were raised recently from Ministers to Ambassadors. They were Adrian Recinos, of Guatemala; Hector David Castro, of El Salvador; Leon Debayle, of Nicaragua; Julian Caceres, of Honduras; J. M. Troncoso, of the Dominican Republic, and Andre Liautaud, of Haiti. United States Ministers to these countries recently were raised to the rank of Ambassadors also.

Clerical Wages Rise In New York Area

Salaries of white-collar workers in the five boroughs of New York City are in the ascendancy, according to the annual survey of weekly clerical salaries completed by the Industrial Bureau of the Commerce and Industry Association of New York and made public on May 9. It is pointed out that although New York City still is one of the few areas in the country where manpower still is relatively plentiful, 171 of the 281 firms participating in the survey reported that they are experiencing difficulty in securing clerical personnel. The announcement issued by the Secretary of the Association, Thomas Jefferson Miley, states:

"The Association's survey included reports from banks and trust companies, investment banking and brokerage houses, insurance companies, transportation companies, public utilities, wholesale and retail firms, manufacturing concerns, importers and exporters, hotels, publishers, advertising agencies and printing companies.

"The weighted average salary level of the largest group of workers in all categories was $33.37 for males, $27.32 for females, compared with levels of $29.63 for males and $25.29 for females, reported in the Association's survey of the previous year.

"For instance, the salaries of stenographers (female), ranged from $15 to $58, with the weighted average level of the largest group at $30.21. In 1941 the range was from $13.85 to $57, with the weighted average at $27.72. In 1942 the weighted average for male typists was $25.62, and for females, $23.47; in 1941, the figure was $24.61 for males, $22.36 for females. Salaries of bookkeepers, machine operators, dictaphone operators, telephone operators and clerks have risen also, in varying amounts.

"In making the survey, the Association's Industrial Bureau did not include any administrative positions or employees receiving more than $60 a week.

The survey showed the weighted average of the salary level of the largest groups in clerical positions in various industries were: insurance companies, $30.04, male, $26.42, female; transportation companies, $36.04 male, $27.09, female; public utility companies, $36.28, male, $32.50 female; trade (wholesale), $32.81, male, $25.83, female; trade (retail), $30.31, male, $21.88, female; importers and exporters, $36.62 male, $27.21, female; manufacturing (New York City administrative offices), $32.64, male, $28.14, female; manufacturing (plant offices), $33.88, male, $23.88, female; hotels, $24.15, female (male not tabulated due to incomplete data); newspaper publishers, printers and advertising agencies, $25.72, male, $25.18, female; banks and trust companies, $38.94, male, $25.01, female; investment banking and brokerage, $34.31, male, $25.08, female; miscellaneous, $28.83, male, $26.60 female.

"The Commerce and Industry Association has been conducting clerical salary surveys for many years and this data has proven helpful to members in checking their salary rates against other companies in the same industry. Due to the recent wage stabilization and manpower regulations, data on salary levels today has become extremely important to business men.

"A number of changes were made in the present survey in order to make it more useful to personnel managers. Before sending out the questionnaire, the Industrial Bureau representative contacted the personnel managers of a number of the large companies and asked for suggestions as to the type of survey and information they believed most desirable. As a result, it was decided to supplement the usual high and low range of salaries with a figure to be known as "salary level of the largest group." It was the consensus of opinion that the hight and low salary range did not give the true picture, as the low would be the rate paid to beginners or a poor class of employee, while the high would represent an individual doing special work."

More Investigators To Check Ceiling Prices

Prentiss M. Brown, Price Administrator disclosed on May 13, plans to hire 1,400 more investigators to help roll back the cost of living and added that the OPA's new subsidy program will be strictly experimental, according to an Associated Press advice from Washington on May 13, which added:

Job of the new investigators will be to educate innocent violators of price rules and punish wilful chiselers, Mr. Brown said. Aids have estimated that effective enforcement, depending mostly on adequate personnel, could cut the cost of living 5 per cent.

By such enforcement — and careful use of subsidies — Mr. Brown said in an interview, the OPA expects to bring down the cost of living to the level of September 15, 1942, and hold it there.

He added that his recently announced plan to seek a 10 per cent reduction in the retail costs of meat, butter and coffee about June 1 through subsidies was experimental. The future use of subsidies, he indicated, will depend on actual results of the trial next month.

The 1,400 extra investigators, Mr. Brown explained, will be added to an existing force of approximately 3,500. Their salaries are provided for in the next OPA budget, already approved by the White House for submission to Congress.

With volunteers from local ration boards the investigators will go from store to store, checking compliance with price rules, explaining how to correct the innocent errors, and preparing evidence for criminal prosecution in the willful cases.

The OPA is now putting out simplified price lists so that store owner and housewife alike will be aware of legal prices.

"The combination of understandable ceiling prices and vigilant enforcement," Mr. Brown said, "should hold the line, except in certain cases where subsidies are required."

The OPA chief said he believed prices have been held in control better than most people realize. Excepting the situation in food, he said prices of such important factors as steel, iron, aluminum, copper, lead, cotton cloth, hides, gasoline and crude oil had been held almost without change in the past year.

Nat'l Bank Earnings Higher In 1942

Comptroller of the Currency Preston Delano announced on May 17 that the 5,087 active national banks in the United States and possessions on Dec. 31, 1942, reported gross earnings of $962,837,000 for the calendar year 1942. This represents an increase of $37,174,000 over the gross earnings for 1941 of the 5,123 national banks that were in active operation on Dec. 31 of that year.

The Comptroller's announcement further reported:

"Operating expenses for the year 1942 were $670,754,000 as against $641,648,000 for the year 1941. Net operating earnings for 1942 were $292,083,000, which was $8,068,000 more than the amount reported for the preceding year. Adding to the net operating earnings profits on securities sold of $30,474,000 and recoveries on loans and investments, etc., previously charged off of $91,112,000, and deducting losses and depreciation of $170,326,000, the net profits before dividends for the year 1942 amounted to $243,343,000, which was 16.17% of the par value of common and preferred stock and 6.51% of capital funds. This figure of net profits before dividends for 1942 was $25,952,000 less than the amount reported for 1941.

"The principal items of current gross operating earnings for 1942 were $432,388,000 from interest and discount on loans, a decrease of $25,078,000; and $354,306,000 from interest and dividends on securities, an increase of $62,322,000 in the year. The principal operating expenses were $291,469,000 for salaries and wages of officers and employees, an increase of $19,412,000 over 1941; $89,867,000 expended in the form of interest on time and savings deposits, a decrease of $9,332,000 and $99,944,000 paid in taxes, an increase of $14,810,000.

"Profits on securities sold during 1942 aggregating $30,474,000 were $49,509,000 less than in the preceding year, and losses and depreciation on securities for 1942 totaling $73,253,000 were $18,881,000 less than in the year before.

"Dividends declared on common and preferred stock in 1942 totaled $136,804,000, in comparison with $147,970,000 in 1941, and were 9.09% of common and preferred capital and 3.66% of capital funds. The dividends to stockholders in 1942 were 56.22% of net profits available. The remaining 43.78% of net profits, or $106,539,000, was retained by the banks in their capital accounts."

Success Of War Loan Lessens Need For Forced Savings: FDR

President Roosevelt indicated at his press conference on May 7 that the heavy oversubscription to the $13,000,000,000 Second War Loan had lessened to some extent the need for enforced savings.

Revealing that final figures showed sales of $18,300,000,000, or more than $5,000,000,000 in excess of the goal, the President declared that, while the need for forced savings had been reduced, the oversubscription had not changed the government's need for new taxes. In his January budget message, Mr. Roosevelt asked Congress to collect $16,000,000,000 in additional funds by taxation, savings or both, during the fiscal year 1944.

Declaring that a grand job had been done by the Treasury and the public, the President analyzed some of the figures from the latest campaign and said its success had deferred from July until late September or early October a third money drive and had lessened to some extent the need for enforced savings.

Associated Press Washington advices of May 7 reported the following:

He informed a press conference that in approximately two years over $10,000,000,000 has been put into the E type war bonds and 50,000,000 Americans have subscribed to them.

Asked whether the $5,000,000,000 oversubscription made any difference in his program of $16,000,000,000 in additional taxes and enforced savings which he requested of Congress in January, the President replied in the affirmative as to the savings. It decreases the need for them very definitely, he asserted.

Of course no one knows what Congress is going to do on tax bills, he added, but, subject to events on Capitol Hill the enforced savings subject can be put off for the time being.

He emphasized, however, that we still need more taxes. There is a certain total that the Treasury must receive, he said, and that has not changed since the monthly total the Government pays out is running about true to the form forecast in January.

Mr. Roosevelt reported that against a goal of $8,000,000,000 more than $13,000,000,000 in the just completed loan campaign came from investors other than commercial banks. The average people, he said, put $3,000,000,000 of their savings into direct purchases of bonds another $3,500,000,000 was taken by insurance companies and savings banks which the President described as repositories for the savings of millions of people.

The people, he said, thus participated to a much larger extent, almost double, in the Second War Loan drive than in the first last December.

Mrs. Roosevelt Warns Youth Beware Of Reds

Mrs. Franklin D. Roosevelt warned members of the recently organized United States Student Assembly, on May 8, at their first national conference, against allowing the organization to be used as a front for underground Communist youth movements, said the New York "Herald Tribune" of May 9, which had the following to say regarding the meeting:

Addressing 200 delegates and observers from American colleges in an afternoon session at the Young Women's Christian Association Building, 610 Lexington Avenue, Mrs. Roosevelt said she approved of co-operation between the youth of America and Russia, but added that "when people are working together they must be honest; they must tell exactly where they stand and what they represent."

The problem of Communist infiltration in the assembly came up at the opening of the conference Friday, when Miss Irene Murray, the general secretary, accused the Young Communist League of attempting to take over the conference by packing it with delegates sent from graduate schools. Applications from about 40 such delegates were rejected, and a resolution to seat graduate students was defeated at the business session yesterday morning.

Mrs. Roosevelt mentioned the Young Communist League specifically in her talk. She said that League members had the right to voice their opinions, but that if they were to continue to live in this country, they must obey the country's laws, and not advocate overthrow of the government by force.

"There has been a custom of using people to carry out the aims of the young Communist groups who did not honestly declare themselves as belonging to Communist groups, and that we cannot tolerate in a democracy," she said. "You can work with any one who has the courage to stand up and say what he believes, but you can never work with any one who says one thing and does another, or who stays silent and does not state his objectives."

The United States Student Assembly, organized last September, is an outgrowth of the International Student Service, in which Mrs. Roosevelt has been interested since she withdrew her support of the American Youth Congress two years ago by declining to speak at one of its gatherings. Mrs. Roosevelt denied at the time that her break with the American Youth Congress was the result of charges that the group was dominated by Communists, and insisted that her principal disagreement with it was on its stand against lend-lease aid to Britain.

Bankers' Dollar Acceptances Outstanding On April 30 Decreased To $128,350,000

The volume of bankers' dollar acceptances outstanding on April 30 totaled $128,350,000, a decrease of $1,468,000 from the March 31 total, according to the monthly acceptance survey issued May 12 by the Federal Reserve Bank of New York. This was the first decline in the total in the last four months. The total amount of acceptances outstanding on April 30 was $48,943,000 below a year ago.

In the month-to-month comparison, only credits for exports and domestic warehouse credits were lower, whereas, when compared with a year ago, all branches were under the April 30, 1942 total.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	April 30, '43	March 31, '43	April 30, '42
1 Boston	$22,714,000	$24,129,000	$31,271,000
2 New York	77,048,000	75,663,000	110,096,000
3 Philadelphia	5,151,000	5,121,000	9,213,000
4 Cleveland	1,787,000	2,024,000	2,806,000
5 Richmond	2,421,000	2,597,000	1,604,000
6 Atlanta	2,458,000	2,564,000	2,526,000
7 Chicago	4,679,000	4,961,000	5,147,000
8 St. Louis	722,000	676,000	750,000
9 Minneapolis	204,000	204,000	184,000
10 Kansas City	------	------	------
11 Dallas	712,000	867,000	2,394.000
12 San Francisco	10,454,000	11,012,000	11,302,000
Grand Total	$128,350,000	$129,818,000	$177,293,000

Decrease for month $1,468,000 Decrease for year $48,943,000

ACCORDING TO NATURE OF CREDIT

	April 30, '43	March 31, '43	April 30, '42
Imports	$70,824,000	$68,740,000	$96,697,000
Exports	8,632,000	11,614,000	16,703,000
Domestic shipments	13,178,000	12,990,000	16,882,000
Domestic warehouse credits	24,837,000	26,268,000	31,259,000
Dollar exchange	317,000	315,000	1,496,000
Based on goods stored in or shipped between foreign countries	10,562,000	9,891,000	14,256,000

BILLS HELD BY ACCEPTING BANKS

Own Bills $61,109,000 Bills of Others $38,370,000 Total $99,479,000

Decrease for month $1,031,000

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES MAY 12, 1943

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since May 31, 1940:

1940—		1941—		1942—	
May 31	$213,685,000	May 31	$215,005,000	May 29	$173,906.000
June 29	206,149,000	June 30	212,932,000	June 30	162,849,000
July 31	188,350,000	July 31	209,899,000	July 31	156,302,000
Aug. 31	181,813,000	Aug. 30	197,472,000	Aug. 31	139,304,000
Sept. 30	176,614,000	Sept. 30	176,801,000	Sept. 30	123,494,000
Oct. 31	186,786,000	Oct. 31	184,806,000	Oct. 31	118,581,000
Nov. 30	196,683,000	Nov. 29	193,590,000	Nov. 30	116,067,000
Dec. 31	208,659,000	Dec. 31	194,220,000	Dec. 31	118,039,000
1941—		1942—		1943—	
Jan. 31	$212,777,000	Jan. 31	$197,278,000		
Feb. 28	211,865.000	Feb. 28	190,010,000	Jan. 30	$119,682,000
Mar. 31	217.312,000	Mar. 31	182,675.000	Feb. 27	127,062.000
Apr. 30	219,561,000	Apr. 30	128,350,000	Apr. 30	177,293,000

March Building Construction Dollar Volume In Urban Areas Declined 72% From Year Ago

The dollar volume of building construction started in March in urban areas of the United States showed a 72% decrease when compared with the same month of 1942, Secretary of Labor Frances Perkins reported on May 1. "A 72% decline in the value of contracts awarded for Federally financed building projects in March was accompanied by a similar drop in the value of permits issued for private work," she said. "New non-residential building valuations dropped 85%, as compared with decreases of 60% in new residential building and 55% in alterations and repairs to existing structures."

For the thirteenth consecutive month the total value of building construction work started registered a decline, says the Department's advices, which added:

"Between February and March, 1943 the total valuation of building construction fell off 15%. The increase of 42% in the permit valuation of private activity failed to offset the 47% decrease in the value of Federal contract awards. Valuations for all new non-residential building dropped 44%, while those for new residential construction and additions, alterations, and repairs registered gains of 1% and 14%, respectively."

Changes in permit valuations and value of Federal contracts awarded between February and March, 1943 and between March, 1942 and March, 1943 in all urban areas are summarized below:

	Percentage change from:					
	—Feb. 1943 to Mar. 1943—			—Mar. 1942 to Mar. 1943—		
Class of contsruction	Total	Other than Federal	Federal	Total	Other than Federal	Federal
All building construction	—15.2	+41.9	—47.0	—71.8	—71.8	—71.8
New residential	+ 1.2	+56.9	—36.7	—60.2	—72.6	+68.9
New non-residential	—43.8	+30.8	—54.1	—84.8	—84.5	—84.9
Additions, alterations and repairs	+14.0	+23.1	—75.1	—55.0	—52.0	—88.9

From the Labor Department's announcement, we also quote:

"Permits were issued or contracts were awarded for 15,538 family dwelling units in urban areas during March, 1943. This was 13% less than the total for the previous month and 51% less than in March, 1942. Almost 40% of the total in March, or 6,201 units, were in Federal housing projects for war workers. These Federally financed units show a drop of 47% from the previous months but a 144% increase from March, 1942. The number of privately financed units in March, 1943 were nearly 53% greater than in the previous month, but 68% less than in March, 1942. Federal contracts were also awarded during March, 1943 for dormitories providing accommodations for 2,080 persons.

"The Bureau of Labor Statistics has revised its methods of summarizing reports on building permits. Through January, 1943, the figures covered a specified number of reporting cities, which varied from month to month. Beginning with the February, 1943 comparisons, the data cover all building construction in all urban areas of the United States, which by Census definition, includes all cities and towns with population of 2,500 or more in 1940. The principal advantage of this change is that figures for every month will be comparable since estimates are made for any cities failing to report in a given month. As in the past, the value of contracts awarded by the Federal Government for building construction will be combined with information obtained from the building-permit reports. However, because of the volume of Federally financed construction at the present time, the contract value of such construction will also be shown separately each month.

"Principal centers of various types of building construction for which permits were issued or contracts were awarded in March, 1943, except projects which have been excluded because of their confidential nature were: Bridgeport, Conn., 52 one-family dwellings to cost $235,000; Milford, Conn., 68 one-family dwellings to cost $293,000; Camden, N. J., 73 one-family dwellings to cost $286,000; Pennsauken Township, N. J., 74 units in two-family dwellings to cost $235,000; Perth Amboy, N. J., 70 units in two-family dwellnigs to cost $205,000; Philadelphia, Pa., 150 one-family dwellings to cost $567,000 and three apartments providing 100 dwelling units to cost $173,000; Bellwood, Ill., 49 one-family dwellings to cost $249,000; Des Plaines, Ill., 44 one-family dwellings to cost $220,000; Detroit, Mich., 328 one-family dwellings to cost $1,774,000 and 62 units in two-family dwellings to cost $271,000; Wayne, Mich., 62 one-family dwellings to cost $244,000; Akron, Ohio, 104 one-family dwellings to cost $398,000; Cleveland, Ohio, 55 one-family dwellings to cost $268,000; Lakewood, Ohio, one apartment providing 45 dwelling units to cost $190,000; Newark, Ohio, 15 apartments providing 60 dwelling units to cost $195,000; Salina, Kans., 64 one-family dwellings to cost $211,000; Wichita, Kans., 55 one-family dwellings to cost $150,000, 180 units in two-family dwellings to cost $334,000, and 24 apartments providing 94 dwelling units to cost $204,000; Washington, D. C., 36 apartments providing 249 dwelling units to cost $578,000; Marietta, Ga., 323 one-family dwellings to cost $1,044,000; Savannah, Ga., 154 one-family dwellings to cost $312,000; Baltimore, Md., 62 apartments providing 248 dwelling units to cost $645,000, and six stores and mercantile buildings to cost $106,000; Norfolk, Va., 67 one-family dwellings to cost $201,000; Houston, Texas, two public works and utilities buildings to cost $3,350,000; Marshall, Texas, 118 one-family dwellings to cost $271,000; Orem, Utah, 121 one-family dwellings to cost $408,000; Long Beach, Calif., 148 one-family dwellings to cost $437,000 and 28 apartments providing 120 dwelling units to cost $284,000; Los Angeles, Calif., 97 one-family dwellings to cost $281,000, 30 units in two-family dwellings to cost $120,000, 35 factories to cost $396,000, and 15 public works and utilities buildings to cost $237,000; Portland, Ore., 126 one-family dwellings to cost $524,000; Seattle, Wash., 112 one-family dwellings to cost $455,000; Spokane, Wash., 97 one-family dwellings to cost $357,000, and Tacoma, Wash., 90 one-family dwellings to cost $317,000.

"In addition, contracts were awarded during March, 1943 for the following Federally financed housing projects containing the indicated number of housekeeping units: Springfield, Mass., $625,000 for 300 units; Burlington, N. J., $255,000 for 100 units; Buffalo, N. Y., $377,000 for 116 units; Pittsburgh, Pa., $1,800,000 for 448 units; Pottstown, Pa., $450,000 for 117 units; Detroit, Mich., $897,000 for 350 units; Ecorse, Mich., $406,000 for 150 units; Dayton, Ohio, $268,000 for 100 units; Piqua, Ohio, $459,000 for 180 units; Sidney, Ohio, $306,000 for 100 units; Hastings, Neb., $1,159,000 for 682 units; New Castle, Del., $779,000 for 370 units; Wilmington, Del., $349,000 for 148 units; Washington, D. C., $376,000 for 106 units; Arlington County, Va., $452,000 for 200 units; Norfolk, Va., $564,000 for 224 units; South Norfolk, Va., $732,000 for 400 units; Pascagoula, Miss., $348,000 for 225 units; Winslow, Ariz., $175,000 for 84 units; Las Vegas, Nev., $325,000 for 164 units; Marysville, Calif., $200,000 for 100 units; Upland, Calif., $322,000 for 100 units; Anacortes, Wash., $157,000 for 75 units; Everett, Wash., $702,000 for 250 units; Pasco, Wash., $430,000 for 200 units, and Spokane, Wash., $1,801,000 for 912 units.

"Federal contracts were also awarded for dormitory accommodations for 556 persons at Bridgeport, Conn., to cost $450,000; for 1,344 persons at Stratford, Conn., to cost $1,038,000; for 70 persons at Winslow, Ariz., to cost $55,000, and for 110 persons at Portland, Ore., to cost $100,000."

Bank Debits For Month Of April

The Board of Governors of the Federal Reserve System issued on May 11 its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

			—3 Months Ended—	
Federal Reserve District—	April 1943	April 1942	April 1943	April 1942
Boston	4,027	2,793	9,868	8,114
New York	29,267	17,657	75,130	52.289
Philadelphia	3,571	2 459	9,115	7,397
Cleveland	5,187	3,544	12,889	10,203
Richmond	2,511	1,967	6,806	5,727
Atlanta	2,061	1,604	5,825	4,796
Chicago	10,414	7,359	28,625	21,566
St. Louis	1,986	1,515	5,385	4,464
Minneapolis	1,299	922	3,337	2,573
Kansas City	2,181	1,497	6,186	4,423
Dallas	1,739	1,239	4,877	3,712
San Francisco	5,893	4,057	16,196	12,050
†Total, 274 centers	70.137	46.613	184,238	137,319
*New York City	27,174	16,023	69,183	47,322
*140 other centers	37,533	26.451	100.245	77,758
†133 other centers	5,430	4,138	14,811	12,240

*Included in the national series covering 141 centers, available beginning in 1919.

†Excluding centers for which figures were not collected by the Board before May, 1942.

Record Steel Plate Output In April

Steel plate production in April reached an all-time high for a 30-day month as a result of increased rollings during the latter half of the month, H. G. Batcheller, Steel Division Director of the WPB, informed the Steel Industry Advisory Committee at its monthly meeting held on May 6.

Shipments for the month, the announcement said, totaled 1,121,647 tons, or just under the peak of 1,167,679 tons recorded in March, a 31-day period. Shipments in April, 1942, amounted to 895,971 tons.

Shipments by continuous strip mills, converted to production of steel plate, amounted to 535,548 tons in April, compared with 563,302 tons in March, and 337,519 tons in April of last year.

President Hints Veto Of Pay-Go Measure Cancelling Full Year's Tax Payments

President Roosevelt informed Congress on May 17 that he could not "acquiesce in the elimination of a whole year's tax burden on the upper income groups during a war period" and in effect intimated that he will veto the modified Ruml plan tax bill which has been approved by the Senate.

The President, in identical letters to Senator George (Dem., Ga.), Chairman of the Senate Finance Committee, and Representative Doughton (Dem., N. C.), Chairman of the House Ways and Means Committee, contended that cancellation of a whole year's taxes "would result in a highly inequitable distribution of the cost of the war and in an unjust and discriminatory enrichment of thousands of taxpayers in the upper income groups."

Mr. Roosevelt reiterated his support of the pay-as-you-go principle and expressed hope "that a bill can be worked out in conference that I can sign."

The text of the President's letter follows:

"The revenue bills recently passed by the House and the Senate contain certain provisions putting taxpayers on a pay-as-you-go basis by means of collection at the source and current payment of the income tax. Needed relief is also given to millions of men and women in our armed forces.

"I am eager, as I am sure the whole country is eager, to see our taxes put on a pay-as-you-go basis at the earliest possible moment. Ever since 1941 the Treasury has consistently recommended provisions designed to this end. Such provisions would help hold the line against inflation.

"The Senate bill, however, provides for the cancellation of a whole year's taxes. This cancellation would result in a highly inequitable distribution of the cost of the war and in an unjust and discriminatory enrichment of thousands of taxpayers in the upper income groups. Such groups would be enriched by the cancellation of taxes already owing by them. The Senate bill would give to a man with an income of $2,000 a year a cancellation of taxes equaling less than four weeks' income after taxes; a man with an income of $100,000 would receive a cancellation equaling 20 months' income after taxes. The latter would have canceled more than all war tax increases since 1939, and would thus escape financial contribution to the war effort.

"The fact that the upper income groups may pay just as many dollars into the Treasury in 1943 on account of their liability for 1943 does not detract from their enrichment nor change the result that they would have permanently escaped tax on 1942 income.

"A program of the proportions necessary to finance the war and to curb inflation must inevitably reach far down into the income scale. Tax rates for taxpayers in the upper income groups are already so high that substantial additional taxation cannot be imposed upon these groups. The effect of the remission of taxes contained in the Senate bill would therefore be a transfer of a substantial part of the cost of the war from the upper income to the middle and lower income groups upon whom tax increases must be chiefly imposed. Others, including those now on the battle fronts, would later be obliged to shoulder the burden from which our most fortunate taxpayers have been relieved.

"The so-called anti-windfall provisions of the bill do not go to the heart of this basic inequity. Although they would reduce the total amount of forgiveness, the reduction would be made in an inequitable way. It would be made at the expense of people whose businesses have been dislocated by the war as much as it would be at the expense of those who have been enriched by war profits. It would also be at the expense of many people whose incomes have increased since 1940 not because of the war, but because they have just arrived at their greatest earning capacity. Those who have always had large incomes get the greatest windfall and they are untouched by the anti-windfall provisions of the Senate bill.

"I am writing you now so that you may know my views and in the hope that a bill may be worked out in conference that I can sign. I have recommended pay-as-you-go taxation. I have not insisted upon any particular formula for transition to a pay-as-you-go basis. I believe that there should be substantial adjustments to ease the transition, but there are limits beyond which I cannot go. I cannot acquiesce in the elimination of a whole year's tax burden on the upper income groups during a war period when I must call for an increase in taxes and savings from the mass of our people."

Result Of Treasury Bill Offerings

Secretary of the Treasury Morgenthau announced on May 17 that the tenders for $900,000,000 of 92-day Treasury bills to be dated May 19 and to mature Aug. 19, 1943, which were offered on May 14, 1943, were opened at the Federal Reserve banks on May 17.

The details of this issue are as follows:

Total applied for—$1,565,710,000.

Total accepted — $906,813,000 (including $93,495,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.910. Equivalent rate of discount approximately 0.352% per annum.

Low—99.904. Equivalent rate of discount approximately 0.376% per annum.

Average price—99.905. Equivalent rate of discount approximately 0.373% per annum.

(36% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on May 19 in the amount of $703,107,000.

As to the previous week's offering of $900,000,000 of 92-day bills, dated May 12 and maturing Aug. 12, the Treasury disclosed the following results on May 10:

Total applied for—$1,509,316,000.

Total accepted — $906,987,000 (includes $80,741,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.912. Equivalent rate of discount approximately 0.344% per annum.

Low—99.904. Equivalent rate of discount approximately 0.376% per annum.

Average price—99.905. Equivalent rate of discount approximately 0.372% per annum.

(29% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on May 12 in amount of $704,732,000.

With this offering of bills dated May 12, the Treasury introduced a change in procedure in bidding for the weekly issue in a move designed to distribute these securities more widely among smaller banks. Future weekly offerings until further notice will include a provision for receipt of tenders for $100,000 or less from any one bidder at a fixed price of 99.905 in addition to the conventional bidding on a competitive basis.

It was pointed out in Washington advices to the "Wall Street Journal" that behind the move is recognition of the fact that many smaller banks and other investors who have not been interested in competitive bidding for Treasury bills will submit tenders at a fixed price assuring them of a return of about $\frac{3}{8}$ths of 1% on an annual basis.

In making known this week's offering of $900,000,000 bills, the Treasury also stated that 92-day Treasury bills will be offered for the next 13 weeks with a view to bringing the payment date for the new issue on Thursdays instead of Wednesdays, thereby giving an additional day between the opening of tenders and the payment date.

The following regarding the previous week's offering of $900,000,000 of 91-day bills, dated May 5 and to mature on Aug. 4, 1943, which were offered on April 30, was issued by the Treasury on May 3:

Total applied for__$1,388,528,000
Total accepted____ 901,706,000
Range of accepted bids:

High—99.935 Equivalent rate of discount approximately 0.257% per annum.

Low—99.905 Equivalent rate of discount approximately 0.376% per annum.

Average price—99.906 Equivalent rate of discount approximately 0.373% per annum.

(49% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on May 3 in amount of $701,811,000.

Middle West Oil Refineries On Quota Basis

Petroleum Administrator for War Harold L. Ickes has acted to meet a developing crude oil shortage in the Middle West by placing all refinery operations in that area (District Two) on quota basis, it was announced on May 14.

The action is expected to halt a progressive decline in crude oil inventories and to assure war refineries of the minimum amounts of crude they need to produce the maximum quantity of petroleum war products, including 100-octane aviation gasoline.

It is estimated that on the basis of these quotas all refineries now operating can operate at a level of at least 80% of the normal rate of the 18-month period, July 1, 1941-Dec. 31, 1942, and war plants which require more than 80% of the normal rate to maintain maximum production of war products can receive additional crude necessary to maintain such maximum production, Mr. Ickes stated.

The decision to allocate specific amounts of crude to individual refiners was prompted by the fact that District Two refiners are processing from 30,000 to 50,000 barrels more crude per day than can be supplied by local production plus imports from other districts, the Petroleum Administrator said.

"The result has been a progressive decline of crude oil inventories to the lowest level in recent years," he stated. "Furthermore, indications are that unless this decline is halted the rate of withdrawal from inventories may double within the next 12 months.

"We are forced to the expedient of restricting crude runs in the Middle West, largely by reason of the fact that the State of Illinois no longer is able to produce that quantity of raw petroleum that it would otherwise have been able to supply had its once prolific oil fields been developed in accordance with sound conservation principles."

Welles Says Rejection Of Trade Pacts Would Be 'Heavy Blow' At World Hopes For Lasting Peace

Under-Secretary of State Sumner Welles declared earlier this month that repudiation of the Trade Agreements Act in Congress would strike "a heavy blow" at hopes for an everlasting end to war.

Speaking at a forum on peace problems at Toledo, Ohio, Mr. Welles said:

"If the United States repudiates the Trade Agreements Act, either outright or by crippling amendments, if it thus repudiates the idea of economic non-aggression, it will have destroyed the stuff of which peace is made, it will have struck a heavy blow at the hopes of mankind for ridding this world of the scourge of war and for creating a just, a workable and a lasting peace."

In Associated Press accounts from Toledo, Mr. Welles' address was reported as follows:

The Under Secretary, referring to what he called "the amazing allegation" that the trade agreements program "had the effect of encircling Germany," said in his prepared address:

"Far from restricting or encircling Germany, the trade agreements program by its very philosophy and techniques opened new vistas of a legitimate and peaceful economic 'lebensraum' for Germany if Hitler had chosen to make that country one of the family of nations which were honestly seeking to remedy past mistakes and safeguard peace."

He added that it would be "unfortunate and might even prove tragic if thoughtless people should confuse or becloud this issue."

Mr. Welles termed "economic non-aggression pacts" the reciprocal trade treaties with 27 countries.

"If our country repudiates the doctrine of economic non-aggression," he declared, "every other country will repudiate it and we will drift back into the conditions of trade warfare which brought all countries to the verge of ruin in the early '30s, into conditions under which international cooperation cannot survive."

"The facts are that Hitler had drawn his blueprints of aggression long before the Trade Agreements Act began to operate," Mr. Welles said, recalling that Hitler had renounced the principle of most-favored-nation treatment and embarked on a system of bilateral trade "based on barter, 'blocked' and 'compensation' marks and political pressure."

"Admittedly the United States had by its increased tariffs helped to create conditions in Germany and elsewhere which led to the more ready acceptance of Hitler and his gang of criminal racketeers who termed themselves the Government of Germany," Mr. Welles said. "But our trade agreements program was an implicit recognition of our former shortsightedness and evidenced an honest desire to re-establish greater opportunity in foreign trade for all nations, including Germany.

"Our trade agreements with European countries, instead of encircling Germany, may have helped to some extent to ease the situation of some countries toward which Hitler directed his economic and political aggression. They may have helped to prevent some from falling completely within the German orbit. They may in some degree have helped to prevent Hitler from drawing within his own encircling power some of the countries that he hoped to absorb."

Private Enterprise Will Flourish Under Planned Economy, Says Baumhogger

W. G. Baumhogger, President of United Cigar-Whelan Stores Corp., speaking on May 10, at a war council of the Associated Chain Drug Stores at the Waldorf-Astoria, said that retailers should prepare for a "long period of planned economy" after the war by organizing now in groups powerful enough to demand a voice in the reconstruction program, according to the New York "Herald Tribune" of May 10, which went on to say:

Mr. Baumhogger expressed the opinion that private enterprise will "flourish" under the "right kind of a planned economy," but that neither the New Deal nor industry by themselves would be able to do the job.

He likened the nation's economy to that of a great chain store system in which the operations are planned by and for those working for the firm, and to which they contribute their ideas and suggestions.

"Perhaps the Government can be persuaded to adopt a similar policy," he remarked.

The operation of the economy can't be left to the executive branch of Government or to Congress alone, he continued, but these, in collaboration with industry, labor and agriculture, must work together to perfect a balanced planning policy. He suggested that this group be called the "Council of the Nation."

If retailing wants to have a voice in this council, Mr. Baumhogger asserted, it will have to be organized so strongly that it can demand representation.

"I don't believe in a totalitarian economy or one planned wholly by bureaucrats," he declared. "If retailing is represented on the council it may be the potent and constructive factor it should be in planning the post-war economy."

Conceding that the New Deal "might have saved the country from a fate worse than the New Deal itself," Mr. Baumhogger said that, nevertheless, it had failed in its purpose of giving full employment. "Under the right kind of a planned economy," he contended, "this nation will have the highest standing of living it ever has had."

Coal Strike Truce Extended To May 31

John L. Lewis, President of the United Mine Workers of America, on May 17 sent Harold L. Ickes, Solid Fuels Administrator, a telegram advising him that the membership of the W. M. W. of A. will continue at work under the existing retroactive extension agreement until midnight, May 31. Thus a second general work stoppage by the nation's coal miners at midnight, May 18, the deadline of the first 15-day truce, was averted.

Mr. Ickes, in his telegram, also further stated in part as follows:

"As I told you at our conference on Sunday, May 2, the President's executive order does not give me the power to negotiate a contract with the United Mine Workers, nor do I have the power to institute collective bargaining conferences between the mine workers and the owners of the mines. In addition, as I have said from the very beginning, any contract must have the approval of the War Labor Board."

For further reference on this situation, see the May 6th issue of the "Commercial and Financial Chronicle."

Uncertainty Of Govt. Attitude To Private Enterprise Drawback To Post-War Prosperity

(Continued from first page)

viduals free to carve out their own future through jobs, freedom and opportunity under the American formula of free enterprise, or fruitless employment, economic 'equality' and minimum security under State socialism. . . .

"Freedom for enterprise promises more than jobs. It offers freedom to live our lives in peace; freedom from unnecessary Government regulations of our daily comings and goings. It holds out a vision of opportunity to move ever upward to new and higher standards of living for America.

"That is the spirit that built America!

"It can be the sure foundation for a happier and better world afterward."

In the course of his remarks Mr. Crawford observed that "instead of industrialists urging the Government to plan buttressing the private enterprise system by a huge spending program, we would be better advised to help Government to build a program to support and encourage private enterprise so there won't have to be unnecessary Government spending." He went on to say:

"There is only one way to reach a better post-war world. Unless we make the most efficient use of our national and human resources, through private enterprise, with its encouragement to the individual to exert his utmost in production, we cannot expect a better peacetime economy.

"How different an outlook now exists.

"Management hears the President say: 'The camps **and industrial plants** ought to be put to good use in the post-war era, perhaps by requiring that the youth of America give one year's service to their country.' If Government is to operate these plants as a training ground for youth, what will they make, we wonder, and will they compete with private enterprise and private labor?

"Government planners, we are told, have still other post-war plans for the $15,000,000,000 worth of Government-owned war plants.

"It has been proposed officially that we have a new type of dual interest corporation—half-private, half-Government. It isn't hard to guess who will be the senior partner in such a hybrid set-up.

"There are proposals to put Government and labor representatives on corporation boards of directors. There are proposals for joint labor-management operation of industry, and, in fact, every effort has been made to superimpose this as a war measure.

"Talks of 'guaranteed jobs' and huge spending programs by Government shake confidence in a good future."

Incident to his remarks as to the drawback to prosperity in the post-war era engendered by the uncertainty of the Government's attitude toward private enterprise, Mr. Crawford took occasion to state that "Prime Minister Churchill inspired British confidence in the post-war outlook by publicly rejecting any thought of a complete peacetime overhauling of English economy." He quoted Mr. Churchill as saying recently:

"We must beware of trying to build a society in which nobody counts for anything except the politicians and the officials, a society where enterprise gains no reward and thrift no privilege. . . . Of all the races in the world our people would be the last to consent to be governed by a bureaucracy. Freedom is in their blood."

Continuing, Mr. Crawford said:

"How reassuring and stabilizing that must be to Englishmen to know that the government heads are not planning an upset in the concept of their basic economy.

"We need a Churchill-like statement from our Chief Executive, a statement of the bedrock on which we intend to build the future. No other one thing would contribute so much at this time to sound planning for the post-war America.

"Upon such a foundation, Government and industry could plan:

"1. Policies for the utmost encouragement of a free and steady flow of capital into job-making enterprise.

"2. Formulation of tax laws which will permit rewards for successful production and distribution, making private investment worth while.

"3. A stabilized currency at home, and so far as is possible, a stabilized currency relationship with other countries.

"4. A credit system which will provide adequate funds for working capital and expansion, but which will not go so far as to encourage a speculative boom.

"5. The formulation of a national labor relations policy which will restore industrial harmony and increase production.

"6. Avoidance in management and Government policies of rigidity in wages and prices, and avoidance of rigidity between them.

"7. A reappraisal of the relationship of Government and industry to eliminate unnecessary controls and regulations.

"We recognize that unless there is concluded a type of world peace in which a sound economy can exist and the whole international picture is conducive to the existence of our ideals, **the seven** steps outlined cannot of themselves do the job of domestic rehabilitation.

"Now, I am not passing the economic buck to Government. Post-war plenty is going to come not only out of national teamwork but out of the realization of every group and every citizen that they must not await some super plan to glory, but that every interest and individual must accept responsibility for their own planning, as well as helping our Government.

"Management cannot sit idly by and dare Government or anyone else to prepare the 'primrose path.' The National Association of Manufacturers and the United States Chamber of Commerce and the Committee for Economic Development are each working on definite post-war suggestions. But this is not enough. Every industrial organization in this country should be doing some post-war thinking.

"Without attempting even to suggest what these programs might be, I want to list what I believe management's obligations to be:

"1. Keep enterprise free and competitive, avoiding all forms of monopoly and price-fixing.

"Eternally try to make better goods cheaper—this is the fundamental key to the success of the system.

"3. Every business should have a peacetime plan for its own company—new products, new markets and new jobs.

"4. Managers of enterprise should work hand and glove with Government to bring about a better post-war world—not just criticize.

"Business leaders should exert the utmost in business statesmanship, to avoid basic disunity in making recommendations to Government.

"In addition to these suggestions, management should make sure that it is planning the proper post-war products, that it is planning better products and that it is taking advantage of present opportunities to survey potential foreign and domestic markets and distribution methods."

Americanism Stands For Freedom, Welfare, And Brotherhood Of World's Plain People

(Continued from first page).

Azteca, Mayan, Tarascan, or any other Indian tongue—whichever they speak, they are all good Americans, too. Many of them have a longer and prouder lineage than you or I.

"But all true Americans know that the hope and glory of America is in the future and not in the past. We can all look hopefully to the day when the American of the future will apply the Four Freedoms to bring about complete productivity of labor in terms of better living conditions. In the lands to the south, this means drainage of swamps, production of cheap quinine and the building of roads, airports and hospitals. If such projects are carried out, the Latin-American child of the year 2,000 need have no fear of malaria or hookworm or the under-nutrition which produces tuberculosis. Americans were meant to be free from disease and hunger. This is one of the main jobs of the post-war period. We can do that job if we look upward and outward toward the future and put our backs into the hard, practical work which lies ahead.

"And all true Americans know that, in that future, New World and Old World cannot live apart from each other. The airplane and the radio have indubitably made them one.

"Since the epoch-making voyage of Columbus, currents of culture and of immigration have flowed from the Old World to the New. In both North and South America, whether we now speak English or French or Spanish or Portuguese, we are the blending of many national and racial streams. Our ideas and ideals have come originally from the Old World, which has been the fountainhead of our population.

"Now, here in this hemisphere, these various national streams are producing a new race, with a new culture and new ideas and ideals. The Latin, Slavic, Teutonic and Semitic people have come here and contributed to these ideals and this culture. In this war, the young men of the New World are making their contribution to the cause of humanity in the whole world. They are giving their splendid health and energy, and even their lives, in that cause.

* * *

"Today we say with pride and humility that we are Americans, knowing in our hearts that Americanism in its deepest meaning stands for the freedom and the welfare and the brotherhood of the plain people of the world, wherever they may be."

US Plane Output Tops Rest Of World: FDR

President Roosevelt said on May 11 that United States plane production now surpasses the rest of the world combined and there has been a marked shift to heavy bombers, long-range fighters and cargo aircraft to help implement the Allies transition to the offensive.

Reporting his remarks, United Press Washington advices stated:

"Asserting at a press conference that unit production figures do not afford a true picture of the extent of U. S. output, he cited production totals in poundage to illustrate the nation's ascendancy in this field.

"Output this year is expected to total 911,000,000 pounds, he said, while estimates for 1944 range as high as 1,417,000,000 pounds. These figures compare with 1942 production of 291,000,000 pounds of aircraft, and 1941 production of 87,000,000 pounds.

"A great increase has occurred also, Mrs. Roosevelt said, in the number of planes being delivered. He believed the unit output in the United States, like the poundage production, now exceeds that of all other countries.

"The President emphasized that the striking increase in tonnage production reflected the switch from defensive fighters and light bombers to heavy bombers, long-range fighters and big cargo planes, with the thought of going more and more on the offensive.

"An illustration of the stepped-up pace on heavier types, he said the four-engined bomber program is running about six months ahead of schedule.

"Mr. Roosevelt believed tonnage a better future measuring rod of U. S. plane output because the work on each plane and the average weight has been increased substantially during the war."

Preserve Free Enterprise, Byrd Urges; Decries Administration Extravagance, Ineptitude

(Continued from first page)

alized and operated by the Government.

"As he himself expressed it: 'We now have a new employer—the Government of America, which has a good labor record.' If John Lewis can bring about a situation for the nationalizing and operation of the coal mines by the Government, he can then mobilize his voting strength and can probably secure greater concessions from the Government than from private industry. If losses then occur in the operation of the mines the National Treasury will pay the bill.

"The future control of inflation is linked inseparably with the ultimate decision in the Lewis case. Any compromise or surrender to Lewis will render the control of inflation much more difficult, if not impossible. It will mean a wholesale demand for increased wages and will result in increasing the cost of living. Another spiral of inflation will then start which may have the consequences of a national disaster.

"A surrender or compromise of any vital principle by the United States Government to John L. Lewis would be a declaration to the world that America is unable to control its internal affairs at a time of the greatest peril this nation has ever faced. It would encourage Hitler and the Japs, who would believe that after all America does not have the intestinal fortitude and the fighting spirit at home to support American boys who are fighting so bravely abroad. It would prove that John L. Lewis is more powerful than the Government of the United States.

"No nation can win a bitter and terrible war if it permits any citizen, in a vital matter affecting defense production, to place his own selfish interests and the interests of his followers ahead of the vital needs of his country. Any compromise of any nature whatsoever in this controversy will have very damaging consequences to the full utilization of our most effective war effort.

"Twice in two years John Lewis has won victories over his Government and gained all of his demands. In this day of the most desperate peril this country has ever faced, will he win a third victory?

"John L. Lewis is my constituent and has many coal miners in my State. Perhaps I should speak softly of him, but his attitude toward the Government today is the greatest menace that exists on our home front."

In attacking the Roosevelt Administration bureaucracy, Senator Byrd expressed the opinion that many of the influential New Dealers sought complete regimentation of the American people and government by executive directive instead of government by Congress.

"To support this I need only to call attention to this vast bureaucracy which has been built up in Washington, which has tentacles in every nook and corner of America," he said. "This regimentation has become so involved in red tape and inefficiency as to constitute one of the major obstacles to the early winning of the war."

Senator Byrd characterized the reports required by the many questionnaires as "fantastic." The Office of Price Administration, he said, has issued instructions, regulations and interpretations in five volumes, comprising by actual count 11,000,000 words, and has issued nearly 3,000 questionnaires.

"One large manufacturer stated that it cost his organization $500,000 a year to prepare these reports," Senator Byrd added. "It is, indeed, bureaucracy gone mad."

Senator Byrd said he had asked himself many times why the cost of this war, with $220,000,000,000 already appropriated and $108,000,000,000 more requested, was so great when the first World War cost $40,000,000,000. He said the answer was that when the New Deal took charge of the Government nearly 10 years ago it adopted as a settled policy the spending of public money on the assumption that money borrowed and spent was a means to promote prosperity.

"For 10 years we indulged in the costly experiment of spending for spending's sake," he continued, "of borrowing colossal sums to be spent without regard to benefits or services received, all of this to increase the purchasing power of the public by spending borrowed money, to lift ourselves by our bootstraps. It has failed as any such program has failed since the beginning of time."

Points in Senator Byrd's seven-point program for the preservation of the free enterprise system after the war follow:

1. Provision of employment for returning soldiers and reasonably constant employment for 40,000,000 workers.
2. Reduction of every non-essential Government expenditure to keep down the public debt, which he estimated would reach $300,000,000,000 before the budget could be balanced again, a debt more than twice the assessed value of all the property in America and 75% of the country's intrinsic wealth.
3. Liquidation of the vast amount of property owned or controlled by means of loans, estimated by the Senator at a value of $60,000,000,000.
4. Removal of the Government from private business and the turning back to private owners of mines and industries seized on account of labor difficulties.
5. Dismantling of the vast bureaucracy of more than 3,000,000 civilians, more than three times as many as in the last World War.
6. Preparation immediately after the war for a balanced Federal budget.
7. Simplification of the tax system so that the great burden of taxation this country must pay in the years to come may be collected on a basis of scientific justice and accuracy.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 18	119.34	110.15	118.40	115.63	110.70	97.47	101.97	113.12	116.02
17	119.28	110.15	118.20	115.63	110.70	97.47	101.80	113.12	116.02
15	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	116.02
14	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
13	119.33	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
12	119.26	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
11	119.13	109.97	118.20	115.43	110.52	97.47	101.64	113.12	115.82
10	119.06	109.97	118.00	115.43	110.52	97.47	101.64	112.93	116.02
8	119.06	109.97	118.00	115.43	110.52	97.31	101.64	112.93	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
6	118.95	109.97	118.00	115.63	110.52	97.31	101.64	112.93	115.82
5	118.54	109.97	118.00	115.63	110.52	97.31	101.64	112.93	115.82
4	118.37	109.97	118.20	115.43	110.52	97.16	101.47	112.93	115.82
3	118.34	109.79	118.00	115.43	110.52	97.16	101.47	113.12	115.82
1	118.34	109.79	118.00	115.43	110.52	97.00	101.31	113.12	115.63
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
9	117.48	109.60	117.80	115.43	110.52	96.69	100.98	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
19	116.86	109.42	117.60	115.43	110.52	95.92	100.32	113.12	115.63
12	116.87	109.24	117.60	115.43	110.34	95.77	100.16	112.93	115.43
5	116.97	109.42	117.80	115.43	110.34	95.77	100.16	113.12	115.43
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
19	117.11	109.06	117.60	115.24	110.15	95.01	99.68	112.93	115.43
11	117.13	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.43
5	117.09	108.88	117.60	115.04	109.97	94.71	99.04	112.75	115.63
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	119.34	110.15	118.40	115.63	110.70	97.47	101.80	113.31	116.02
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
May 18, 1942	117.88	106.56	116.02	113.12	107.62	92.06	96.54	110.88	113.50
2 Years ago									
May 17, 1941	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.70	112.75

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 18	1.91	3.16	2.73	2.87	3.13	3.91	3.63	3.00	2.85
17	1.92	3.16	2.74	2.87	3.13	3.91	3.64	3.00	2.85
15	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.85
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
13	1.91	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
12	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
11	1.93	3.17	2.74	2.88	3.14	3.91	3.65	3.00	2.86
10	1.93	3.17	2.75	2.88	3.14	3.91	3.65	3.01	2.85
8	1.93	3.17	2.75	2.88	3.14	3.92	3.65	3.01	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
6	1.94	3.17	2.75	2.87	3.14	3.92	3.65	3.01	2.86
5	1.97	3.17	2.75	2.87	3.14	3.92	3.65	3.01	2.86
4	1.98	3.17	2.74	2.88	3.14	3.93	3.66	3.01	2.86
3	1.98	3.18	2.75	2.88	3.14	3.93	3.66	3.00	2.86
1	1.98	3.18	2.75	2.88	3.14	3.94	3.67	3.00	2.87
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
19	2.07	3.20	2.77	2.88	3.14	4.01	3.73	3.00	2.87
12	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.01	2.88
5	2.07	3.20	2.76	2.88	3.15	4.02	3.74	3.00	2.88
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
19	2.06	3.22	2.77	2.89	3.16	4.07	3.77	3.01	2.88
11	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.88
5	2.06	3.23	2.77	2.90	3.17	4.09	3.81	3.02	2.87
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.91	3.16	2.73	2.87	3.13	3.91	3.64	2.99	2.85
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
May 18, 1942	1.98	3.36	2.85	3.00	3.30	4.27	3.97	3.12	2.98
2 Years ago									
May 17, 1941	1.93	3.37	2.82	2.99	3.34	4.32	3.95	3.13	3.02

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

Month—	Industrials (125) %	Railroads (25) %	Utilities (25) %	Banks (15) %	Insurance (10) %	Average Yield (200) %
April, 1942	7.7	8.3	8.9	6.1	5.3	7.8
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.8	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1
October, 1942	5.5	7.0	7.2	5.0	4.4	5.8
November, 1942	5.5	8.0	7.1	5.2	4.5	5.9
December, 1942	5.3	8.6	7.2	5.0	4.2	5.7
January, 1943	5.0	7.9	6.8	4.5	4.1	5.4
February, 1943	4.7	7.3	6.3	4.4	4.1	5.1
March, 1943	4.5	6.8	6.2	4.0	3.9	4.8
April, 1943	4.5	6.6	5.8	4.1	3.9	4.8

Continental U. S. Construction $91,019,000 For Week; 26% Above Week Ago

Civil engineering construction in continental U. S. for the week totals $90,019,000. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 26% above the preceding week, but 60% lower than in the corresponding week last year as reported by "Engineering News-Record" on May 13. Public construction climbs 31% over a week ago as a result of gains in both State and municipal work, and Federal volume. Private construction, however, is 43% under last week. Comparisons with the 1942 week reveal public work 59% lower, and private construction down 83%. The report continued as follows:

The current week's construction brings 1943 volume to $1,381,365,000, an average of $72,703,000 for each of the nineteen weeks. On the weekly average basis, 1943 volume is 59% lower than the $3,556,613,000 reported for the twenty-week period in 1942. Private volume, $135,903,000, is 50% lower than a year ago, and public construction, $1,245,462,000, is down 60% when adjusted for the difference in the number of weeks.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	May 14, 1942	May 6, 1943	May 13, 1943
Total U. S. Construction	$229,877,000	$72,237,000	$91,019,000
Private Construction	17,371,000	5,208,000	2,943,000
Public Construction	212,506,000	67,029,000	88,076,000
State and Municipal	10,380,000	4,612,000	7,435,000
Federal	202,126,000	62,417,000	80,641,000

In the classified construction groups, gains over last week are in waterworks, sewerage, bridges, industrial buildings, streets and roads, and unclassified construction. Increases over the 1942 week are in earthwork and drainage, streets and roads, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $1,954,000; sewerage, $643,000; bridges, $458,000; industrial buildings, $1,340,000; commercial building and large-scale private housing, $1,448,000; public buildings, $14,177,000; earthwork and drainage, $631,000; streets and roads, $8,691,000, and unclassified construction, $61,677,000.

New capital for construction purposes for the week totals $3,251,000, and is made up entirely of State and municipal bond sales. The new financing total for the nineteen weeks of 1943 totals $489,286,000, a figure that compares with $6,785,328,000 reported for the twenty-week period in 1942.

From Washington

(Continued from first page)

if any one ever talked about the problem in this vein. From the beginning the question has been, in political Washington, whether or not Franklin Roosevelt was to "stop" John L. Lewis.

That being the situation, the Washington correspondents have, ever since the first crisis was eased, looked upon the whole situation as purely a sporting contest. They have asked one another day after day, laughingly, is John L. Lewis up today or down, or is F. D. up today or is he down. The levity has even gone so far as for some of the correspondents to analyze it as a New Deal gain on the basis that the controversy had split the "Roosevelt-hater" vote. Just as certain people were wont to say that they wholly disapproved of Roosevelt's domestic policies but they certainly did like his "foreign" policies, considered he had really been a master man in these latter, so there were those who now argued that while they disapproved everything F. D. had done, they were certainly for him as against John L. Lewis. Really, the issue, this great issue, split our people, insofar as Washington was concerned, all over the lot. Your correspondent ran into folk who didn't like either F. D.'s domestic policies or his so-called foreign policies, but who certainly admired him on his policy towards John L. Lewis.

This being the case, with his policy towards John L. Lewis scattering his opposition to the four corners of the wind, it was manifestly essential to Mr. Roosevelt that he get some sort of a policy towards John. The development of this policy in the past few weeks is what has fascinated official and political Washington, not the question of whether or not we would have a production of coal. A little thing like that is so important.

Thus we have had the spectacle of the whole thing being quickly settled by Lewis and Ickes, the subsequent comment that Lewis had won on that basis; then the working on Mr. Roosevelt by Harry Hopkins and others of the Palace Guard that Lewis could not possibly be permitted to win. Then we had the authoritative story that John L. had to deal with the War Labor Board. And John said he wouldn't deal with the Board. And the more John L. held out and people came to say that they didn't blame him because the Board had no authority of its own, the Board, itself, up and said, that that was a fact and it was terribly embarrassed. There was a lot of funny hocus pocus then about restoring the Board's flexibility and the announcement went out to all the waiting people, that now, John Lewis would have to deal with that board because its flexibility had been restored.

Really, your correspondent doesn't understand, on a simple issue of this kind, why the "Roosevelt-hater" vote should have been split. Obviously, the Roosevelt-haters, as they are called by the New Deal Propagandists, should want to encourage any sort of opposition to him: providing, of course, that it does not interfere with the war. And it has from almost the very beginning been apparent that interference has never been in any of the political minds hereabouts. Oh, there has been a lot of propaganda against Lewis to the effect that he was sabotaging the war but this has been, quite seriously, in the nature of a smear campaign against him.

As Snufy Smith of comic strip fame, would say, it takes the rag offn' the bush.

To emphasize the great political play of the whole thing, there is the performance of Phil Murray. First, at a time when the Washington government is screaming off its head about inflation, they slip him, so to speak, a dollar or so on the side. That is, they order a 48-hour week in the steel industry which means greatly increased earnings for the steelworkers. The question of the efficiency of this move is highly debatable. Anyway, Phil looks upon it as a handout and so advertises it. With this money figuratively stuck in his pocket he takes up the campaign to get Lewis. All of this stuff about CIO gatherings denouncing Lewis and calling him unpatriotic, is pre-arranged. Make no mistake about that. It's part of the bunk of America at war.

Sees No Further Cuts In Newsprint Output

Predicting that no further cuts in American newsprint consumption would be considered until the middle of 1944, Richard J. Cullen. President of the International Paper Co., said on May 11 that his firm now was in a position to produce even more newsprint in Canada for the use of United States newspapers.

In Associated Press New York advices, May 11, he was further reported as saying:

"We are now producing 65% of normal newsprint volume in Canada," Mr. Cullen said, "and could raise this production to 85%, if necessary."

Mr. Cullen made this statement in an interview following the annual meeting of stockholders of the company. He was optimistic over the newsprint outlook.

"The power, labor and transportation situations (in Canada) are in perfect condition to supply an undiminishing amount of newsprint to American newspapers throughout this year and well into next year.

"Authorities in Washington are considering altering the weight of fine paper to bring about a cut in the total production of writing paper, and that is the only change I see on the horizon."

Govt. To Aid Businesses Affected By War Rules

Secretary Jones is reported to have announced on May 12 that the Government would make loans on private business properties which had lost their earning power because of war-time restrictions and regulations, to help pay taxes, insurance, interest charges and maintenance costs. Associated Press advices from Washington, reporting this, further stated:

"The loans, he said, would be made by the RFC Mortgage Company and would be for the duration of the national emergency.

"They would carry 4% interest and would be made against 'improved real estate with an established net earning capacity, including stores, privately-owned gasoline and service stations, resort hotels, and business properties generally.'"

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 15 a summary for the week ended May 8 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE
Week Ended May 8, 1943

Odd-Lot Sales by Dealers: (Customers' purchases)	Total for Week
Number of Orders	33,172
Number of Shares	972,606
Dollar Value	30,230,272
Odd-Lot Purchases by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers' short sales	239
*Customers' other sales	31,887
Customers' total sales	32,126
Number of Shares:	
Customers' short sales	7,219
*Customers' other sales	893,817
Customers' total sales	901,036
Dollar value	24,699,074
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	560
†Other sales	220,540
Total sales	221,100
Round-Lot Purchases by Dealers—	
Number of shares	273,320

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Moody's Daily Commodity Index

Tuesday, May 11	245.1
Wednesday, May 12	245.4
Thursday, May 13	244.2
Friday, May 14	243.7
Saturday, May 15	244.2
Monday, May 17	245.4
Tuesday, May 18	245.6
Two weeks ago, May 4	246.5
Month ago, April 17	247.3
Year ago, May 18	232.6
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Daily Average Crude Oil Production For Week Ended May 8, 1943 Increased 101,350 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 8, 1943 was 4,020,500 barrels, a gain of 101,350 barrels per day over the preceding week, and 476,150 barrels per day more than in the corresponding week last year. The current figure, however, was 276,900 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of May, 1943. Daily output for the four weeks ended May 8, 1943 averaged 3,941,150 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,755,000 barrels of crude oil daily and produced 10,581,000 barrels of gasoline; 3,795,000 barrels of distillate fuel oil, and 7,853,000 barrels of residual fuel oil during the week ended May 8, 1943; and had in storage at the end of that week 88,166,000 barrels of gasoline; 31,663,000 barrels of distillate fuels, and 67,577,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations May	*State Allowables Begin. May 1	Actual Production Week Ended May 8, 1943	Change from Previous Week	4 Weeks Ended May 8, 1943	Week Ended May 9, 1942
Oklahoma	379,000	379,000	†346,950	+ 4,600	342,650	398,950
Kansas	309,700	309,700	†293,050	— 23,200	309,600	242,950
Nebraska	2,400	------	†2,200	— 50	2,200	3,750
Panhandle Texas			91,100	+ 100	91,000	82,200
North Texas			131,900	— 3,050	134,200	144,900
West Texas			226,750	+ 12,300	217,500	186,200
East Central Texas			124,300	+ 24,600	105,850	79,250
East Texas			339,300	+ 19,500	324,700	225,900
Southwest Texas			214,000	+ 25,500	194,850	127,450
Coastal Texas			375,200	+ 34,450	349,350	229,950
Total Texas	1,622,000	‡1,584,637	1,502,550	+ 113,400	1,417,450	1,075,850
North Louisiana			87,000	— 1,950	88,150	81,750
Coastal Louisiana			259,500	+ 1,600	258,300	229,300
Total Louisiana	359,300	377,000	346,500	— 350	346,450	311,050
Arkansas	73,000	75,043	71,850	— 650	72,050	71,100
Mississippi	50,000		54,550	— 1,250	55,200	89,900
Illinois	250,800		236,150	+ 5,300	228,300	314,700
Indiana	16,000		15,250	+ 1,200	13,950	23,550
Eastern (not incl. Ill. Ind., Ky.)	92,200		74,050	— 9,800	77,600	85,700
Kentucky	23,500		23,150	+ 1,600	21,800	11,200
Michigan	62,100		60,400	+ 1,800	58,900	64,100
Wyoming	97,000		94,500	+ 1,550	93,000	94,500
Montana	24,600		20,500	+ 250	20,300	21,700
Colorado	7,400		6,650	— 200	6,700	6,800
New Mexico	105,700	105,700	97,200	+ 50	97,200	70,750
Total East of Calif.	3,474,700		3,245,500	+ 94,250	3,163,350	2,886,550
California	822,7700	§822,700	775,000	+ 7,100	777,800	657,800
Total United States	4,297,400		4,020,500	+ 101,350	3,941,150	3,544,350

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in February, 1943, as follows: Oklahoma, 29,200; Kansas, 6,300; Texas, 103,100; Louisiana, 20,400; Arkansas, 2,800; Illinois, 10,800; Eastern (not including Illinois, Indiana or Kentucky), 10,000; Kentucky, 3.300; Michigan, 100; Wyoming, 2,300; Montana, 300; New Mexico, 5,500; California, 43,000.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. May 6.

‡This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 16 days, the entire state was ordered shut down for 10 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 10 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 8, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,718	70.3	4,771	36,560	13,229	10,557
Appalachian	177	84.8	152	85.9	425	2,446	809	451
Ind., Ill., Ky.	824	85.2	762	92.5	2,417	19,098	3,930	3,100
Okla., Kans., Mo.	416	80.1	345	82.9	1,074	6,694	1,632	1,498
Rocky Mountain	147	48.0	80	54.4	252	2,005	334	521
California	817	89.9	698	85.4	1,642	21,363	11,729	51,450
Tot. U. S. B. of M. basis May 8, 1943	4,825	86.2	3,755	77.8	10,581	†88,166	31,663	67,577
Tot. U. S. B. of M. basis May 1, 1943	4,825	86.2	3,849	79.8	10,977	90,029	¶31,202	66,991
U. S. Bur. of Mines basis May 9, 1942			3,400		10,737	100,780	29,110	79,593

*At the request of the Petroleum Administration for War. †Finished, 77,506,000 barrels; unfinished, 10,660,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 3,795,000 barrels of gas oil and distillate fuel oil and 7,853,000 barrels of residual fuel oil produced in the week ended May 8, 1943, which compares with 3,629,000 barrels and 8,314,000 barrels, respectively, in the preceding week and 3,034,000 barrels and 6,993,000 barrels, respectively, in the corresponding week last year. ¶Revised upward in Combined Area (not East Coast) due to inclusion of 411,000 barrels of certain pipe line stocks now being reported for the first time.

National Fertilizer Association Decline In Commodity Price Average

The general level of wholesale commodity prices was generally lower last week, according to the price index compiled by the National Fertilizer Association and made public on May 13. In the week eended May 15 this index declined to 135.4 from 135.8 in the preceding week. It was 136.0 a month ago and 128.1 a year ago, based on the 1935-39 average as 100. Since the first of January there has been a 2.3% increase in the index. The Association's report continued as follows:

The drop in the all-commodity index was principally due to a general decline in farm products as the prices of industrial commodities remained the same as in the preceding week. Cotton, grains and livestock quotations were lower—10 important items declined while only one advanced, the net result being a substantial drop in the farm product price average. Indexes representing the prices of textiles and fertilizer materials were also lower. Lead by an increase in eggs and edible oils, the food index advanced to a new high point.

During the week 11 price series included in the index declined and only two advanced; in the preceding week seven declined and six advanced, and in the second preceding week there were eight declines and 11 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week May 15 1943	Preceding Week May 8 1943	Month Ago Apr. 10 1943	Year Ago May 16 1942
25.3	Foods	140.0	139.9	139.1	125.3
	Fats and Oils	147.9	147.8	147.7	139.1
	Cottonseed Oil	159.0	159.0	159.0	163.0
23.0	Farm Products	152.1	153.7	155.6	138.1
	Cotton	199.5	200.9	202.8	191.4
	Grains	140.8	142.8	139.8	117.2
	Livestock	146.9	148.5	152.2	133.0
17.3	Fuels	122.8	122.8	122.2	119.5
10.8	Miscellaneous commodities	130.1	130.1	130.4	128.1
8.2	Textiles	150.7	151.3	151.7	149.5
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.2	152.2	152.3	151.8
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.9	117.9	118.7
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	135.4	135.8	136.0	128.1

*Indexts on 1926-1928 base were May 15, 1943, 105.5; May 8, 105.8; May 16, 1942, 99.8.

Electric Output For Week Ended May 15, 1943 Shows 18.2% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 15, 1943, was approximately 3,969,161,000 kwh., compared with 3,356,921,000 kwh. in the corresponding week last year, an increase of 18.2%. The output for the week ended May 8, 1943, was 16.0% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended May 15	May 8	May 1	April 24
New England	9.9	8.1	8.1	9.5
Middle Atlantic	16.7	13.3	13.0	16.7
Central Industrial	16.3	14.0	14.3	17.3
West Central	14.2	12.3	12.9	14.4
Southern States	17.1	14.4	19.5	24.9
Rocky Mountain	17.7	17.0	15.0	13 9
Pacific Coast	32.9	32.9	32.4	32.6
Total United States	18.2	16.0	17.0	19.9

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Feb 6	3,960,242	3,474,638	+ 14.0	2,989,392	1,578,817	1,726,161
Feb 13	3,939,708	3,421,639	+ 15.1	2,976,478	1,545,459	1,718.304
Feb 20	3,948,749	3,423,589	+ 15.3	2,985,585	1,512,158	1,699,250
Feb 27	3,892,796	3,409,907	+ 14.2	2,993,253	1,519,679	1,706,719
Mar 6	3,946,630	3,392,121	+ 16.3	3,004,639	1,538,452	1,702,570
Mar 13	3,944,679	3,357,444	+ 17.5	2,983,591	1,537,747	1,687,229
Mar 20	3,946,836	3,357,032	+ 17.6	2,983,048	1,514,553	1,683,262
Mar 27	3,928,170	3,345,502	+ 17.4	2,975,407	1,480,208	1,679,589
Apr 3	3,889,858	3,348,608	+ 16.2	2,959,646	1,465,076	1,633,291
Apr 10	3,882,467	3,320,858	+ 16.9	2,905,581	1,480,738	1,696,543
Apr 17	3,916,794	3,307,700	+ 18.4	2,897,307	1,469,810	1,709,331
Apr 24	3,925,175	3,273,190	+ 19.9	2,950,448	1,454,505	1,699,822
May 1	3,866,721	3,304,602	+ 17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+ 16.0	3,003,921	1,436,928	1,698,942
May 15	3,969,161	3,356,921	+ 18.2	3,011,345	1,435,731	1,704,426
May 22	------	3,379,985	----	3,040,029	1,425,151	1,705,460
May 29	------	3,322,651	----	2,954,647	1,381,452	1,615,085

Steel Operations Lower—Supply Situation Static Under CMP Control—New Buying Light

"The widely heralded reduction in new war plant construction and machine tool output will not relieve the tight situation in steel supplies to any great extent, for the slack will be absorbed speedily by the need to keep the total war program up to schedule," states "The Iron Age" in its issue of today (May 20), which further goes on to say:

"At most, the steel industry expects only a slight and very temporary easing of the pressure in perhaps a few departments, while in other major products the industry's flexibility and its capacity to break records probably will be tested to the limit. The use of United States materials and men so far in the war may prove to be only a fraction of the total needed for complete victory. Whether the announced review of new construction will succeed in cutting off more than 'paper' plants is doubted by some officials at Washington, who point to the needed expansion in aluminum and magnesium, 100-octane gasoline, synthetic rubber, steel, and in vessel construction will prevent any substantial reduction. The review of projects may only result in taking some of the 'water' out of construction requirements.

"Third-quarter lend-lease steel shipments are expected to show a sharp rise. Domestic orders for rails and other supplies have picked up recently, according to some sellers. Also reflected in recent bookings by steel mills is the all-steel river barge project. Subject to change, it looks as though the third-quarter tin plate production will run about 700,000 tons. July has been tentatively set up for 235,000 tons. August will run about the same and September may be about 230,000 tons. The second-quarter set-up was 685,700 tons.

"Over the nation, the steel expansion program probably will not proceed fast enough to reach the 1943 goal of 96,000,000 to 97,000,000 net tons of capacity this year, but existing equipment may be so exploited that total steel capacity at the end of this year will run close to 94,000,000 or 95,000,000 tons. A combination of new capacity plus the re-rating upwards of old capacity may be the cause of the predicted figure.

"Tension throughout the steel industry has been eased by the new truce in the soft coal wage dispute, but the industry remains aware of the fact that the threat of a shut-down hasn't been removed entirely. Actually, some producers of steel have lost ground since May 1 in their efforts to maintain coal stocks.

"Recommendations made by steel executives regarding revision of the 48-hour per week order (which will be modified) have been referred to a subcommittee of the War Manpower Commission for consideration."

The American Iron and Steel Institute on May 17 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.6% of capacity for the week beginning May 17, compared with 99.4% one week ago, 99.1% one month ago and 99.2% one year ago. This represents a decrease of 0.8 point or 0.8% from the preceding week. The operating rate for the week ended May 17 is equivalent to 1,707,400 tons of steel ingots and castings, compared to 1,721,300 tons one week ago, 1,716,100 tons one month ago, and 1,685,000 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on May 17, stated in part as follows: "Little change is apparent in the general steel and iron situation, production being held at the highest practicable level in view of necessity for furnace repair, which is increasing as equipment is driven at top speed.

"Cut in iron ore quota following the late season opening is not expected to hamper output greatly. Although up to this time ore shipments are about 7,000,000 tons less than at the corresponding date last year, reserves at furnaces and Lake Erie docks are equal to last year's. Several factors may cut this tonnage loss as the season advances.

"Controlled Materials Plan, now in almost complete control of the *situation, is working well and essential needs are being met under its provisions.*

"Principal stringency now is centered in bars and hotrolled sheets. Large rounds and flats in bars are well covered into September, with that month practically sold out by some producers. In smaller sections bars can be obtained for July delivery in some instances. Hot-rolled alloy bars are available to some extent for August delivery, with heat-treated bars difficult to obtain for September shipment. Some makers have nothing to offer before fourth quarter.

"Some sheetmakers are out of the market for third quarter on hot-rolled sheets. Others are able to take some business for July and August shipment. Galvanized sheets are available for July delivery by some mills. The sheet situation is causing some shifts in supply sources as customers find their usual suppliers unable to serve them.

"Proof of the high rate of steel production is found in the American Iron and Steel Institute's report of steel ingot and castings production in April, which set a new high for a 30-day month with 7,374,154 net tons. The previous high for a short month was made in November, 1942, with 7,179,812 tons. With one less day, April failed to reach the March output of 7,670,187 tons. Facilities were engaged in April at 99.3% of rated capacity.

"Removal of the 6% freight surcharge May 15 has made slight changes in delivered prices of steel and iron products. The surcharge has been suspended until the end of the year and in the meantime the Interstate Commerce Commission is making a study of rates which may result in extension of the date or in dropping the charge altogether if it develops the carriers do not need the added revenue."

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total producion of soft coal in the week ended May 8 is estimated at 10,200,000 net tons, an increase of 630,000 tons, or 6.6% over the preceding week. Output in the corresponding week of 1942 amounted to 11,271,000 tons. For the current year to May 8, production of soft coal was 5.1% in excess of that for the same period in 1942.

The U. S. Bureau of Mines estimated that the output of Pennsylvania anthracite for the week ended May 8 was 1,056,000 tons, an increase of 54,000 tons, or 5.4% over the preceding week. When compared with the production in the corresponding week of 1942, however, there was a decrease of 210,000 tons, or 16.6%.

The U. S. Bureau of Mines also reported that the estimated output of byproduct coke in the United States for the week ended May 8 showed a decrease of 6,600 tons when compared with the production for the week ended May 1. The quantity of coke from beehive ovens decreased 13,400 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
In Net Tons (000 omitted)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	May 8 1943	May 1 1943	May 9 1942	*May 8 1943	May 9 1942	May 8 1937
Total, incl. mine fuel	10.200	9,570	11,271	214,145	203,741	169,764
Daily average	1,700	1,595	1,879	1,974	1,866	1,570

*Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	§May 8 1943	May 1 1943	May 9 1942	May 8 1943	May 9 1942	May 11 1929
*Total, incl. colliery fuel	1,056,000	1,002,000	1,266,000	21,996,000	21,109,000	26,698,000
†Commercial production	1,014,000	962,000	¶1,215,000	21,116,000	¶20,265,000	24,776,000
Beehive coke—						
United States total	134,500	147,900	151,300	2,896,400	2,872,200	2,286,600
By-product coke—						
United States total	1,205,900	1,212,500	1,186,900	22,301,400	21,631,500	‡

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					April
State—	May 1 1943	Apr. 24 1943	May 2 1942	May 3 1941	May 1 1937	Avge. ¶1923
Alabama	178	376	372	59	26	412
Alaska	6	6	5	5	3	**
Arkansas and Oklahoma	75	78	60	9	13	70
Colorado	137	135	116	99	90	184
Georgia and North Carolina	1	1	††	††	††	**
Illinois	1,350	1,469	1,168	374	573	1,471
Indiana	481	538	443	289	209	514
Iowa	49	55	47	41	22	100
Kansas and Missouri	166	163	140	109	63	138
Kentucky—Eastern	693	900	974	247	832	620
Kentucky—Western	278	285	208	349	158	188
Maryland	31	38	44	9	15	52
Michigan	6	8	3	4	2	22
Montana (bituminous and lignite)	92	88	46	39	31	42
New Mexico	36	39	24	18	30	59
North and South Dakota (lignite)	23	34	24	18	24	**16
Ohio	620	693	705	316	396	766
Pennsylvania (bituminous)	1,930	2,774	2,751	1,271	1,855	3,531
Tennessee	112	137	154	45	37	121
Texas (bituminous and lignite)	6	6	5	7	16	20
Utah	128	138	87	62	30	70
Virginia	316	417	409	206	204	249
Washington	26	29	32	28	32	35
*West Virginia—Southern	1,976	2,332	2,256	949	1,697	1,256
†West Virginia—Northern	690	928	934	488	500	778
Wyoming	164	172	127	76	64	116
‡Other Western States	††	1	††	††	††	**6
Total bituminous and lignite	9,570	11,840	11,134	5,117	6,922	10,836
§Pennsylvania anthracite	1,002	1,135	1,321	1,097	1,419	1,974
Total all coal	10,572	12,975	12,455	6,214	8,341	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Wholesale Commodity Index Advanced 0.2% During Week Ended May 8, Says Labor Dept.

The U. S. Department of Labor announced on May 13 that further advances in primary market prices for farm products and foods, largely fresh fruits, vegetables, and eggs, brought the Bureau of Labor Statistics' index up 0.2% during the week ended May 8. The all-commodity index rose to 103.7% of the 1926 average, the highest level since early in 1925.

The Department's announcement further explained:

"**Farm Products and Foods:** In addition to the sharp increases in prices for fresh fruits and vegetables, rye advanced 4.8% and wheat rose 2.2%. Oats, on the contrary, declined 5.4%. Slightly higher prices were reported for hay and flaxseed and for fresh milk in the Chicago market. Livestock and poultry declined 0.8% as a result of weakening markets for steers and hogs, and cotton was fractionally lower. On the whole, prices of farm products were up 0.4% over the level for the week ended May 1 and were 20% higher than at this time last year.

"Led by an increase of over 3% for fruits and vegetables, principally apples, lemons, and potatoes, average prices for foods advanced 0.6% during the week to the highest point in 23 years. Quotations were lower for butter in the Chicago market, while prices for meats remained firm.

"**Industrial Commodities:** There were slight increases of 0.1% in the average prices for fuel and lighting materials, building materials, and chemicals and allied products. Slightly higher prices for bituminous coal were reported for some areas. In building materials and supplies, lower prices for rosin, turpentine, and maple flooring were more than offset by higher prices for certain types of Douglas fir and oak lumber. An advance of over 10% in prices for whale oil accounted for the increase in the chemicals and allied products group index. Boxboard prices continued to rise and textile soap declined."

The following notation was made:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for April 10, 1943 and May 9, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to May 8, 1943 from—		
Commodity groups—	5-8 1943	5-1 1943	4-24 1943	4-10 1943	5-9 1942	5-1 1943	4-10 1943	5-9 1942
All commodities	*103.7	*103.5	*103.4	*103.5	98.6	+0.2	+0.2	+ 5.2
Farm products	*124.8	*124.3	*123.9	*124.3	104.0	+0.4	+0.4	+20.0
Foods	109.4	108.7	108.5	107.9	99.3	+0.6	+1.4	+10.2
Hides and leather products	118.4	118.4	118.4	118.4	120.2	0	0	— 1.5
Textile products	96.9	96.9	96.9	96.9	97.3	0	0	— 0.4
Fuel and lighting materials	81.6	81.5	81.1	81.1	78.7	+0.1	+0.6	+ 3.7
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.9	0	0	0
Building materials	110.4	110.3	110.2	110.3	110.0	+0.1	+0.1	+ 0.4
Chemicals and allied products	100.2	100.1	100.1	100.1	97.3	+0.1	+0.1	+ 3.0
Housefurnishing goods	104.2	104.2	104.2	104.2	104.6	0	0	— 0.4
Miscellaneous commodities	91.4	91.4	†91.4	91.3	89.9	0	+0.1	+ 1.7
Raw materials	*113.2	*112.7	*112.5	*112.7	99.5	+0.4	+0.4	+13.8
Semimanufactured articles	92.9	92.9	92.9	93.0	92.6	0	—0.1	+ 0.3
Manufactured products	*101.0	*100.9	*100.8	*100.8	99.3	+0.1	+0.2	+ 1.7
All commodities other than farm products	*99.1	*99.1	*99.0	*99.0	97.4	0	+0.1	+ 1.7
All commodities other than farm products and foods	*96.9	*96.9	*96.8	*96.7	95.8	0	+0.2	+ 1.1

*Preliminary. †Revised.

Major Non-Ferrous Metals Hold Even Course—Beryllium Ore Price Advanced

Editor's Note.—At the direction of the Office of Censorship certain production and shipments figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of May 13, stated: "The position of major non-ferrous metals scarcely changed during the last week, but some of the minor items—beryllium ore and tantalite—advanced in price to stimulate domestic output. Metals Reserve Co. last week posted higher buying prices for both minerals. The Senate Banking and Currency Committee on May 11 approved a bill authorizing the sale of Treasury silver for domestic consumption on the basis of 71.11¢ an ounce. The measure was reported to the Senate on May 12. Until the compromise on price was reached, Senators representing the New England States favored sales at 50¢ an ounce." The publication further went on to say in part:

Copper

WPB reports that 98,500 tons of idle and excessive copper in primary and fabricated forms has been allocated under the copper recovery program for war use. Of the remaining 50,000 tons of frozen material on hand, 18,000 tons consists of assembled products not suitable for copper scrap. Early estimates of frozen stocks available ranged from 200,000 to 250,000 tons.

According to "Foreign Commerce Weekly," published by the Department of Commerce, Rhodesia produced 20,992 long tons of copper during January this year. Before the war, Rhodesian production averaged around 17,700 long tons a month.

The domestic market for copper continued at 12¢, Valley. Foreign copper also was unchanged.

Lead

Sales of common lead for the last week were about 660 tons below those in the week previous. May needs of consumers have been covered to the extent of about 95%, the trade believes. Call for lead for June shipment is increasing.

So far, the production of domestic lead from small properties eligible for premium payments has hardly been felt in the industry. Labor shortages and lack of equipment have been retarding work on such properties.

Zinc

Except that the stockpile of zinc has been increasing moderately from month to month, the situation in the metal presents little that is interesting. Some Prime Western is being exported under Lend-Lease. Consumption of zinc in non-essential civilian applications is being held down to a minimum. Quotations for Prime Western continued on the basis of 8¼¢, East St. Louis.

Tantalite

The price schedule of Metals Reserve Co. for domestic tantalite ore has been increased so that the producer will receive approximately 50¢ per pound of contained Ta2O5 above the former price.

Beryllium Ore

Demand for beryllium ore continues at a high rate and, further to stimulate domestic production, the Metals Reserve Co. announced last week that it will purchase both large and small lots at its purchase depots on the basis of $120 per dry short ton for ore containing 10% BeO. The previous price named by the Government's agent was $83.30 per ton. Under normal conditions, ore of this grade sells at around $30 per ton, f.o.b. mines.

Recently, newspapers gave wide publicity to a report to the effect that a "mountain" of beryllium ore had been discovered in the West. No confirmation of this news has been forthcoming, and authorities attach no significance to the extravagant claims.

Chromium

Small deliveries of chromium may be made without WPB authorization. Supplementary Order M-18-a-1, effective May 7, permits deliveries of chromium by processors and dealers in quantities of 3,000 pounds or less to a single customer in any one month, provided the material is to be used for metallurgical purposes. The new order also relieves purchasers of quantities within this limit of the necessity of filing report forms required by Order M-18-a. It does not, however, relieve chromium consumers from filing Form WPB-532 with the Bureau of Mines.

The Chromium Section of the Steel Division pointed out that shipments within this limit amount to only 0.8% of the total chromium shipped each month. The supplementary order makes no changes in the restrictions on the melting of chromium.

Tin

Bethlehem Steel Co. reports that it is operating the first of its electrolytic tin-plate units. The process conserves tin, saving 60% of the quantity normally used in producing a base box of tin-plate.

Quotations for tin were unchanged. Straits quality tin for shipment was as follows:

	May	June	July
May 6	52.000	52.000	52.000
May 7	52.000	52.000	52.000
May 8	52.000	52.000	52.000
May 10	52.000	52.000	52.000
May 11	52.000	52.000	52.000
May 12	52.000	52.000	52.000

Quicksilver

Prevailing prices are bringing out a steady flow of metal from domestic producing centers, Canada, and Mexico. Quotations in New York were maintained at $196 @ $198 per flask.

Silver

Silver Conservation Order M-199 was amended May 10, changing manufacturers' quota periods for domestic silver purchases for restricted uses from a monthly to a quarterly basis. The revised order excludes from quota calculations the amount of silver used by manufacturers in the base period to fill orders rated A-3 or higher. Small manufacturers, who do not operate under the regulations, are now defined as those who do not employ more than five workers, excluding all clerical help.

Quotations for silver were unchanged last week, London continuing at 23½d, the New York Official at 44¾¢.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

Pay On Minas Geraes 6½s

The National City Bank of New York, as special agent, is notifying holders of State of Minas Geraes (United States of Brazil) 6½% secured external sinking fund gold bonds of 1928, due March 1, 1958, and secured external gold loan of 1929, series A 6½% bonds due Sept. 1, 1959, that funds have been deposited with it to pay, in lawful currency of the United States of America, 15.05% of the face amount of the coupons due Sept. 1, 1940, amounting to $4.89125 for each $32.50 coupon and $2.445625 for each $16.25 coupon. The notice adds:

"The acceptance of such payment is optional with the holders of the bonds and coupons but pursuant to the terms of the Presidential Decrees of the United States of Brazil, such payment, if accepted by the holders must be accepted in full payment of such coupons and of the claims for interest represented thereby."

Lumber Movement—Week Ended May 8, 1943

According to the National Lumber Manufacturers' Association, lumber shipments of 448 mills reporting to the National Lumber Trade Barometer exceeded production by 3.1% for the week ended May 8, 1943. In the same week new orders of these mills were 0.4% greater than production. Unfilled order files in the reporting mills amounted to 99% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 15.8%; orders by 19.0%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 26.4% greater; shipments were 23.8% greater, and orders were 20.8% greater.

Revenue Freight Car Loadings During Week Ended May 8, 1943 Increased 27,768 Cars

Loading of revenue freight for the week ended May 8, 1943 totaled 816,551 cars, the Association of American Railroads announced on May 13. This was a decrease below the corresponding week of 1942 of 22,735 cars, or 2.7%, and a decrease below the same week in 1941 of 20,598 cars, or 2.5%.

Loading of revenue freight for the week of May 8 increased 27,768 cars, or 3.5% above the preceding week.

Miscellaneous freight loading totaled 389,666 cars, an increase of 5,823 cars above the preceding week, and an increase of 14,686 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 98,125 cars, an increase of 551 cars above the preceding week, but a decrease of 305 cars below the corresponding week in 1942.

Coal loading amounted to 142,140 cars, an increase of 7,876 cars above the preceding week, but a decrease of 19,824 cars below the corresponding week in 1942.

Grain and grain products loading totaled 45,615 cars, a decrease of 982 cars below the preceding week, but an increase of 10,472 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of May 8 totaled 30,498 cars, a decrease of 1,330 cars below the preceding week, but an increase of 8,685 cars above the corresponding week in 1942.

Livestock loading amounted to 15,688 cars, a decrease of 25 cars below the preceding week, but an increase of 3,998 cars above the corresponding week in 1942. In the Western Districts alone, loading of livestock for the week of May 8, totaled 11,939 cars, a decrease of 115 cars below the preceding week, but an increase of 2,917 cars above the corresponding week in 1942.

Forest products loading totaled 44,818 cars, an increase of 1,070 cars above the preceding week, but a decrease of 5,800 cars below the corresponding week in 1942.

Ore loading amounted to 66,976 cars, an increase of 13,585 cars above the preceding week, but a decrease of 19,824 cars below the corresponding week in 1942.

Coke loading amounted to 13,523 cars, a decrease of 130 cars below the preceding week, and a decrease of 766 cars below the corresponding week in 1942.

All districts reported decreases compared with the corresponding week in 1942, except the Centralwestern and Southwestern, but all districts reported increases above the corresponding week in 1941 except Eastern, Allegheny, Pocahontas, and Northwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
Week of May 1	788,783	858,911	794,299
Week of May 8	816,551	839,286	837,149
Total	14,401,502	15,205,395	13,812,063

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 8, 1943. During this period only 55 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED MAY 8

Railr	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern Di					
Ann Arbor	245	434	506	1,540	1,304
Bangor & Aroo	1,053	1,806	2,046	345	313
Boston & Main	6,199	6,372	8,769	13,808	15,834
Chicago, Indi & Louisville	1,409	1,307	1,209	1,881	1,880
Central India	36	31	19	44	58
Central Vermo	1,008	1,003	1,396	2,239	2,152
Delaware & H	5,647	6,829	5,940	10,850	12,455
Delaware, Lac a & Western	7,118	8,154	9,346	12,575	9,006
Detroit & Mac	334	299	324	113	101
Detroit, Tole ton	1,777	1,738	3,260	1,405	1,244
Detroit & Tol re Line	302	280	396	2,222	2,948
Erie	11,553	14,806	15,103	18,333	16,641
Grand Trunk	3,854	3,771	6,242	7,852	7,655
Lehigh & Hud r	210	252	304	2,370	4,174
Lehigh & Nev d	1,972	2,031	1,937	1,379	1,951
Lehigh Valle	8,149	9,398	8,917	14,424	12,008
Maine Centra	2,241	2,156	3,064	2,286	3,641
Monongahela	5,355	6,963	6,280	370	323
Montour	2,071	2,443	2,187	58	35
New York Ce s	54,725	45,752	51,377	46,719	56,413
N. Y., N. H.	10,006	9,704	11,901	17,501	20,920
New York, O estern	949	1,008	1,031	2,009	3,431
New York, C Louis	6,948	7,561	6,538	14,596	14,975
N. Y., Susqu Western	565	472	473	1,708	1,593
Pittsburgh &	7,272	8,001	8,205	7,422	9,238
Pere Marqu	4,906	5,443	7,068	7,236	6,015
Pittsburg &	881	874	513	32	38
Pittsburg, S orth	335	407	505	231	318
Pittsburgh nia	1,110	1,162	1,229	3,532	3,095
Rutland	300	370	638	988	1,045
Wabash	5,477	5,146	6,059	12,788	12,509
Wheeling &	5,196	5,655	5,915	5,391	4,862
Total	159,203	161,628	178,697	214,247	228,175
Alleghen					
Akron, Cant stown	713	682	748	1,164	955
Baltimore &	40,434	41,619	41,602	27,153	27,517
Bessemer &	5,953	7,690	6,820	1,688	2,158
Buffalo Cre	253	291	254	4	1
Cambria &	1,578	1,980	2,044	6	15
Central R. sey	6,910	7,414	8,593	21,212	20,098
Cornwall	665	765	728	55	72
Cumberland ania	210	299	133	17	8
Ligonier Va	130	150	123	52	51
Long Island	1,216	845	824	3,581	3,509
Penn-Readi Lines	1,779	1,543	1,650	3,237	2,535
Pennsylvani	80,787	[illegible]	84,257	60,673	67,826
Reading Co	14,672	[illegible]	16,002	26,812	29,333
Union (Pitts	22,124	[illegible]	19,846	7,231	7,504
Western Ma	3,357	[illegible]	4,250	9,924	13,464
Total	180,781	[illegible]	187,874	162,809	175,046
Pocahon					
Chesapeake	[illegible]	[illegible]	28,594	11,487	13,786
Norfolk & V	[illegible]	[illegible]	23,633	7,130	7,080
Virginian	[illegible]	[illegible]	4,779	2,177	2,049
Total	[illegible]	[illegible]	57,006	20,794	22,915

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Southern District—	1943	1942	1941	1943	1942
Alabama, Tennessee & Northern	258	429	410	289	404
Atl. & W. P.—W. R. R. of Ala.	700	746	782	2,303	2,462
Atlanta, Birmingham & Coast	802	703	803	1,421	1,253
Atlantic Coast Line	14,044	13,441	11,674	11,103	8,840
Central of Georgia	4,181	3,883	4,445	4,473	4,275
Charleston & Western Carolina	564	420	576	1,698	1,691
Clinchfield	1,573	1,703	1,775	2,326	3,100
Columbus & Greenville	351	304	231	175	183
Durham & Southern	169	243	205	662	1,244
Florida East Coast	2,965	2,042	1,255	2,061	988
Gainesville Midland	46	44	36	103	84
Georgia	1,362	1,169	1,108	2,505	2,573
Georgia & Florida	319	415	365	552	594
Gulf, Mobile & Ohio	3,648	3,913	3,569	4,698	3,772
Illinois Central System	25,614	27,182	22,535	18,882	15,702
Louisville & Nashville	22,936	26,265	23,087	11,960	10,893
Macon, Dublin & Savannah	256	146	174	1,072	777
Mississippi Central	238	281	167	465	402
Nashville, Chattanooga & St. L.	3,256	3,571	3,363	5,048	4,177
Norfolk Southern	1,266	1,392	1,204	1,386	2,270
Piedmont Northern	351	375	501	1,046	1,307
Richmond, Fred. & Potomac	460	547	418	10,982	10,866
Seaboard Air Line	12,294	10,961	10,675	8,311	8,728
Southern System	22,062	23,817	24,762	23,953	24,783
Tennessee Central	545	732	617	793	1,013
Winston-Salem Southbound	114	103	164	952	941
Total	120,314	124,827	114,901	119,219	113,322
Northwestern District—					
Chicago & North Western	19,343	20,980	22,700	12,629	12,822
Chicago Great Western	2,604	2,282	2,681	2,948	3,105
Chicago, Milw., St. P. & Pac.	19,332	19,182	21,696	11,353	9,651
Chicago, St. Paul, Minn. & Omaha	3,269	3,407	3,974	3,695	[illegible]
Duluth, Missabe & Iron Range	18,619	26,800	22,200	277	279
Duluth, South Shore & Atlantic	1,121	1,503	1,133	469	533
Elgin, Joliet & Eastern	8,678	10,393	10,100	9,745	9,974
Ft. Dodge, Des Moines & South	432	536	534	101	143
Great Northern	19,505	23,313	24,254	5,793	4,704
Green Bay & Western	453	533	570	862	669
Lake Superior & Ishpeming	1,245	3,081	4,539	37	41
Minneapolis & St. Louis	1,875	1,883	1,917	2,378	2,290
Minn., St. Paul & S. S. M.	6,034	6,969	7,541	2,974	3,215
Spokane International	10,130	10,477	9,830	5,400	4,752
Northern Pacific	176	151	211	568	552
Spokane, Portland & Seattle	2,443	2,422	2,431	3,447	3,397
Total	115,259	133,912	136,311	62,676	59,786
Central Western District—					
Atch., Top. & Santa Fe System	22,094	21,325	21,048	12,575	9,629
Alton	3,058	2,979	3,196	3,647	3,907
Bingham & Garfield	493	692	617	103	148
Chicago, Burlington & Quincy	18,018	14,671	16,061	12,265	10,259
Chicago & Illinois Midland	2,738	2,726	2,292	679	906
Chicago, Rock Island & Pacific	12,548	10,693	12,801	13,475	10,513
Chicago & Eastern Illinois	2,534	2,377	2,589	6,070	2,886
Colorado & Southern	737	786	679	2,314	1,903
Denver & Rio Grande Western	3,091	2,810	6,677	6,102	4,952
Denver & Salt Lake	695	472	347	23	10
Fort Worth & Denver City	921	973	1,070	2,455	1,116
Illinois Terminal	1,614	1,771	2,040	2,314	1,997
Missouri-Illinois	1,149	1,270	1,139	370	430
Nevada Northern	2,012	1,953	2,028	124	131
North Western Pacific	1,036	1,093	815	636	471
Peoria & Pekin Union	3	19	14	0	0
Southern Pacific (Pacific)	31,070	29,358	27,631	13,954	8,873
Toledo, Peoria & Western	355	248	294	2,036	1,732
Union Pacific System	12,732	12,090	14,519	16,980	12,822
Utah	541	486	243	3	4
Western Pacific	2,043	1,753	1,651	3,210	3,987
Total	119,482	110,545	113,751	99,335	76,676
Southwestern District—					
Burlington-Rock Island	1,126	130	148	228	212
Gulf Coast Lines	7,002	4,890	2,636	2,477	3,105
International-Great Northern	2,049	3,073	1,815	4,102	3,064
Kansas, Oklahoma & Gulf	383	187	164	1,175	1,160
Kansas City Southern	5,588	5,199	1,974	3,100	2,515
Louisiana & Arkansas	3,836	3,475	2,053	2,978	2,112
Litchfield & Madison	171	279	415	1,048	957
Midland Valley	696	734	401	272	214
Missouri & Arkansas	*167	184	200	*365	372
Missouri-Kansas-Texas Lines	6,051	4,695	3,966	6,193	3,946
Missouri Pacific	17,562	15,501	14,188	18,808	17,420
Quanah Acme & Pacific	60	106	86	266	136
St. Louis-San Francisco	7,881	8,233	7,253	8,351	7,633
St. Louis Southwestern	3,270	3,040	2,420	7,494	5,790
Texas & New Orleans	13,502	9,505	6,882	5,373	4,628
Texas & Pacific	4,238	4,428	3,833	7,735	6,432
Wichita Falls & Southern	115	147	162	38	49
Weatherford M. W. & N. W.	21	33	13	25	9
Total	73,718	63,839	48,609	70,028	59,754

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
Feb. 6	169,417	140,836	439,304	89	87
Feb. 13	148,687	137,784	446,981	87	87
Feb. 20	141,435	142,932	445,982	91	88
Feb. 27	156,628	147,085	454,308	94	88
Mar. 6	175,178	147,830	480,802	93	89
Mar. 13	166,885	146,062	498,927	93	89
Mar. 20	155,116	149,096	504,414	92	90
Mar. 27	139,911	150,754	488,197	95	90
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Hasler Again Head Of Commerce Chamber

Frederick E. Hasler, Chairman and President of the Continental Bank & Trust Co., was re-elected President of the Chamber of Commerce of the State of New York for a term of one year at the annual election held on May 6. Mr. Hasler, who just completed his first term as head of the Chamber, is also President of the Pan-American Society.

Three new Vice-Presidents—Frederick H. Ecker, Chairman of the Metropolitan Life Insurance Co.; Willis H. Booth, Vice-President of the Guaranty Trust Co., and H. Boardman Spalding, of the law firm of Kelsey, Waldrop, Spalding & Parker, the retiring Chairman of the Executive Committee, were elected Vice-Presidents for four-year terms. They succeed Jeremiah Milbank, William J. Graham and Lewis E. Pierson, whose terms expire.

William S. Gray, Jr., President of the Central Hanover Bank & Trust Co., and William B. Scarborough were re-elected Treasurer and Assistant Treasurer, respectively.

Robert F. Loree, Vice-President of the Guaranty Trust Co., who retired as Chairman of the Chamber's Committee on Foreign Commerce and the Revenue Laws, was elected Chairman of the Executive Committee and George McAneny, Richard W. Lawrence and Roy E. Tomlinson were elected members-at-large of the Executive Committee.

Col. Charles T. Gwynne, the dean of Chamber executives in the United States, was re-elected for his 20th term as Executive Vice-President. B. Colwell Davis, Jr., continues as Secretary.

James G. Blaine, President of the Marine Midland Trust Co., was elected Chairman of the Committee on Finance and Currency to succeed William G. Brady, Jr., President of the National City Bank, who retired from the chairmanship because of pressure of business. Mr. Brady and Henry C. Brunie, President of the Empire Trust Co., were named members of the committee.

The following new committee chairmen were elected: Eugene P. Thomas, Foreign Commerce and the Revenue Laws; Theodore M. Riehle, Insurance; Peter Grimm, Taxation; Frederick Coykendall, Commercial Education; Julian S. Myrick, Public Health and Welfare.

Myron S. Short Urges Savings Bankers Prepare For Greater Bond Sales

In his address of welcome to the delegates attending the meeting of the National Association of Mutual Savings Banks at New York City on May 6, Myron S. Short, President of the Savings Banks Association of the State of New York, and Executive Vice-President of the Buffalo Savings Bank, urged savings bankers to "go forward" in the sale of war bonds and stamps and be ready to meet greater demands. Mr. Short said that "undoubtedly the sights will be set higher in the next offering of war bonds, and we must be prepared to meet our quotas at that time." He urged enlarging the development of payroll deductions and similar plans to promote the fullest and best usage of savings. He also remarked that "it is impressive—inspiring—to be partners with the people and the Government in sustaining our democratic way of life in the present national emergency."

Items About Banks, Trust Companies

At the regular meeting of the Board of Directors of The National City Bank of New York held on May 11, Samuel S. Church and Loren A. Erickson were appointed Assistant Cashiers.

The New York Trust Co., New York City, has received authorization from the State Banking Department to increase its capital stock from $12,500,000, consisting of 500,000 shares having a par value of $25 each, to $15,000,000, consisting of 600,000 shares having a par value of $25 each.

Previous reference to the bank's plans for this increase was made in our issue May 6, page 1696.

The Chemical Bank & Trust Co. of New York unveiled on May 12, in the lobby of its main office at 165 Broadway, a plaque in honor of the 295 members of the staff who are now serving with the armed forces. Percy H. Johnston, Chairman of the Board, made a short dedicatory address before the entire staff and the bank's string ensemble and chorus provided a musical background.

At a meeting of war-work volunteers of the Guaranty Trust Co. of New York on May 13, Miss Madeleine Carroll, noted actress, accepted from Eugene W. Stetson, President of the company, a consignment of knitted articles made for the United Seamen's Service, by women employees as a project of the bank's War Effort Committee. Other recent output of the group, which numbers several hundred volunteers, was presented to prominent Red Cross officials, who joined with officers and staff of the trust company in ceremonies at the main office, 140 Broadway.

Speakers representing the bank and its employees at the informal program were: W. Palen Conway, Chairman of the Board; Mr. Stetson, Thomas F. Coghlan, President of the Guaranty Club, and Mrs. Emma Adams, Chairman of the Club's War Effort Committee. Other guests included Miss Fredericka Farley, Red Cross Director of Home Nursing; Mrs. Everett E. Risley of the Red Cross Board of Directors and Mrs. Johnston King, Chairman of Volunteers of the United Seamen's Service.

The Federation Bank and Trust Co., New York City, announced on May 14 that William R. Brennan had been elected a Director. Mr. Brennan is President of the Brennan & Sloan, Inc., New York, general contractors.

The East River Savings Bank, New York City, observes on May 22 the 95th anniversary of its founding. Officially opened for business on May 22, 1848, the East River Savings Institution, as it was known until 1927, was the fifth mutual savings bank in New York City. Its original office was at 145 Cherry Street. The bank in noting the anniversary also says:

"The first President was also President of the renowned Chatham Bank, which was organized by a nucleus of eight members of the Board of Trustees of the East River Savings Bank. Shortly afterward, the Chatham Bank invited the East River Savings Bank to conduct its business at their new headquarters. Thereafter, until 1927 when the East River Savings Bank opened its first branch at 96th Street and Amsterdam Avenue, the bank was located in the lower part of Manhattan, but with depositors scattered throughout the city and nation.

"In 1932 the Italian Savings Bank, the Maiden Lane Savings Bank and the East River Savings Bank merged into one institution, giving a city-wide banking service from five offices. On Jan. 1, 1943 the bank served 190,086 depositors and had a deposit liability of $174,319,000.

"Joseph A. Broderick, former Superintendent of Banks of New York (1929-1934) and a member of the Board of Governors, Washington, D. C., of the Federal Reserve System (1936-1937) has been President since October, 1937."

William S. Irish, retired Brooklyn banker, died on May 14 at his home in Brooklyn, N. Y. He was 74 years old. Mr. Irish retired on Jan. 1, 1938, as Executive Vice-President of the Bank of the Manhattan Co. but continued as Chairman and a member of the bank's Brooklyn Advisory Committee. He was a former President of the New York State Bankers Association and of the Kings County Bankers Association.

A native of Brooklyn, Mr. Irish began his banking career as a clerk with the old Lincoln National Bank, which later was merged with the Irving Trust Co. He later worked for the Williamsburg Trust and, in 1908, became Cashier of the First National Bank of Brooklyn. In that organization he became Vice-President and then President, until the bank was merged with the Bank of the Manhattan Co. in 1928. He was then appointed Executive Vice-President of the merged organization, retiring in 1938.

The Fleetwood Bank, Mount Vernon, N. Y., has applied to the State Banking Department for permission to open and maintain a branch office in the Mount Vernon station of the New York Central Railroad.

Frederick James Hodson, former Secretary-Treasurer of the Washington (N. J.) Trust Co. and a former Assistant Vice-President of National Newark & Essex Banking Co., died on March 10 at his home in South Orange. Mr. Hodson, who was 73, had retired from banking several years ago.

Stetson Elected Head Of NY Bankers Group

Eugene W. Stetson, President of the Guaranty Trust Co. of New York, and Chairman of the New York Clearing House Committee, has been elected Chairman of Group Eight of the New York State Bankers Association, comprising 96 banks in New York and Bronx counties. Mr. Stetson, who was Vice-Chairman of the Group during the past fiscal year, succeeds H. Donald Campbell, President of the Chase National Bank.

William Gray, Jr., President of the Central Hanover Bank and Trust Co., was elected Vice-Chairman of the Group, and Edward F. McGinley, Vice-President of the Chemical Bank and Trust Co., was elected Secretary and Treasurer, succeeding James B. Birmingham, Vice-President of the National City Bank.

Newly elected members of the Group's Executive Committee are: Knight Woolley, partner of Brown Brothers, Harriman & Co.; Henry C. Brunie, Chairman and President of Empire Trust Co.; John I. Downey, President, Fifth Avenue Bank; Frederick E. Hasler, Chairman and President, Continental Bank and Trust Co., and William Gage Brady, President, National City Bank.

Elected to membership on the Nominating Committee of New York State Bankers Association was Adrian M. Massie, Vice-President of the New York Trust Co., with George W. Heiser, Vice-President of the Manufacturers Trust Co., as his alternate.

Accomplishments Of Business In War Effort Deserve High Praise Of Nation, Heimann Says

The accomplishments of American business in the all-out war effort necessitates that we revise our rating of business in general, Henry H. Heimann, Executive Manager-on-leave of the National Association of Credit Men, declares in the Association's monthly "Business Review," released on May 17. In stressing the part that business has played in the present war effort, Mr. Heimann said that "it was not my thought to underemphasize the great contributions made by other groups. Since business, however, in the past has been frequently unfairly condemned," he said, "we should proceed to a fair analysis of just what it has contributel.

"By its war performance the American business institution has not only justified itself time and again," Mr. Heimann says, "but it has demonstrated that if we are to meet the post-war challenge, American business must be fostered and nurtured, continued strong and healthy, and be given the respect, confidence and cooperation of every living citizen of this country."

In continuing his praise of American business, Mr. Heimann declared "the day of business baiting must go." He said that it is high time for the American people to recognize just what American business has meant in the present war crisis.

In considering some of the major post-war problems, Mr. Heimann pointed "to the fact that when Victory Day comes we may have 10,000,000 men under arms. We may also have 30,000,000 wage earners employed in war work, and the plant capacity of the United States," Mr. Heimann pointed out, "will be greatly increased through the many factories which have been erected directly or indirectly through Government finance during the war." Another problem he discusses is that when V-Day comes American industry will be brought face to face with a settlement for some $50,000,000,000 in unfulfilled contracts. Mr. Heimann further said:

"First, one need but consider the staggering outlays which have been made for the purpose of converting peace-time plants into war production. By the same token one should not overlook the staggering outlays which will be required of private enterprise to reconvert from war to peace-time production. Unless private industry is put in such financial condition or is allowed to work towards that sound condition so that it can effect this conversion without endangering its complete structure, then surely we are not discharging our responsibility in helping to make the world a better place in which to live.

"It should be obvious to everyone that American business must be allowed to establish reasonable reserves with which it can finance a speedy post-war reconversion to peace production. It is well to remember that in normal times some of the earnings by American business were set aside as reserves for depreciation on plants and machinery as well as for innovations in production. It is only through a more liberal interpretation of our Federal tax law that business can provide these proper reserves for reconversion. Management of American business under such circumstances considers itself the trustee of these reserve funds so that in the post-war period its own solvency will be insured and it will have the finances with which the undertake reconversion.

"Next, it should be remembered by our Government officials that in settlements under the termination clauses in war contracts, it is absolutely essential that prompt adjustment be provided for and that they not be allowed to drag as they did during the first World War. When Victory Day comes most of the plants in the United States will have more than the amount of their capital involved in the goods in process on war contracts. Unless these claims are handled fairly and expeditiously, American business will be compelled to sit idly by, unable to respond to the nation's peace-time demands by reason of having much of its capital frozen in unadjusted claims."

Fair Administration Of Relief Provisions Of Excess-Profits Tax Law Urged By Paul

In noting that regulations relating to the general relief provisions (Section 722) of the Revenue Act of 1942 have recently been issued, and that copies are about to be made available, Randolph E. Paul, General Counsel of the Treasury, stated that "the success with which the excess-profits tax will achieve the ends it was designed to serve will depend upon the success with which these provisions are administered." Mr. Paul, in indicating this in an address prepared for presentation before the New York Society of Certified Public Accountants at the Waldorf-Astoria Hotel on May 10, and read in his absence by Joseph G. Blandi, Special Assistant to the Chief Counsel of the Bureau of Internal Revenue, went on to say:

"As the House Ways and Means Committee stated in its report on the 1941 version of Section 722, 'The success or failure of legislatioin of this type depends to a considerable degree upon its intelligent and sympathetic administration.' The general intent of Congress in enacting Section 722 is reasonably clear, but in providing 'for the many unforseen hardships which may arise under the Excess-Profits Tax Law' Congress was forced to express its intent in general, rather than in specific terms. Hence, the task of interpreting the intent of Congress in those specific cases where the excess-profits tax is claimed to be 'excessive and discriminatory' will devolve upon those whose responsibility it is to administer the tax structures."

Stating that "this is a responsibility which cannot be accepted lightly," Mr. Paul added:

"If the relief which Congress intended to give taxpayers is arbitrarily denied them, the excess-profits tax law can become an instrument for the destruction rather than for the preservation of competitive enterprise. New and growing businesses, as well as businesses which were depressed during the prewar years, will be deprived of the means with which to reestablish themselves in the post-war economy.

"On the other hand, if the relief provisions are permitted to become instruments for widespread tax avoidance, we shall have failed in our efforts to eliminate profiteering and to achieve an equitable distribution of the costs of the war.

"The line between eligibility and ineligibility for relief under Section 722 will not be an easy one to draw. But 'drawing the line is a recurrent difficulty in those fields of the law where differences in degree produce ultimate differences in kind.' Harrison vs. Shaffner, 213 U. S. 579 (1941).

"Responsibility for the successful administration of the general relief provisions must also rest in part upon taxpayers. The greater the number of unreasonable and exhorbitant claims filed, the more difficult it will be for the Government to administer relief fairly and fully to those who deserve it. It is, therefore, highly important that businessmen should understand the principles underlying Section 722 so that they may better appreciate the character and the extent of the relief which these provisions were designed to afford. For this knowledge and understanding, businessmen will rely heavily on the men of your profession. I am, therefore, very glad to have this opportunity to discuss with you some of the more difficult problems which are likely to arise in the administration of Section 722."

Mr. Paul in his address discussed among other things "classes of taxpayers covered under Section 722, and various aspects of normal profits."

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